P1551ff Collectivization debate + refs.

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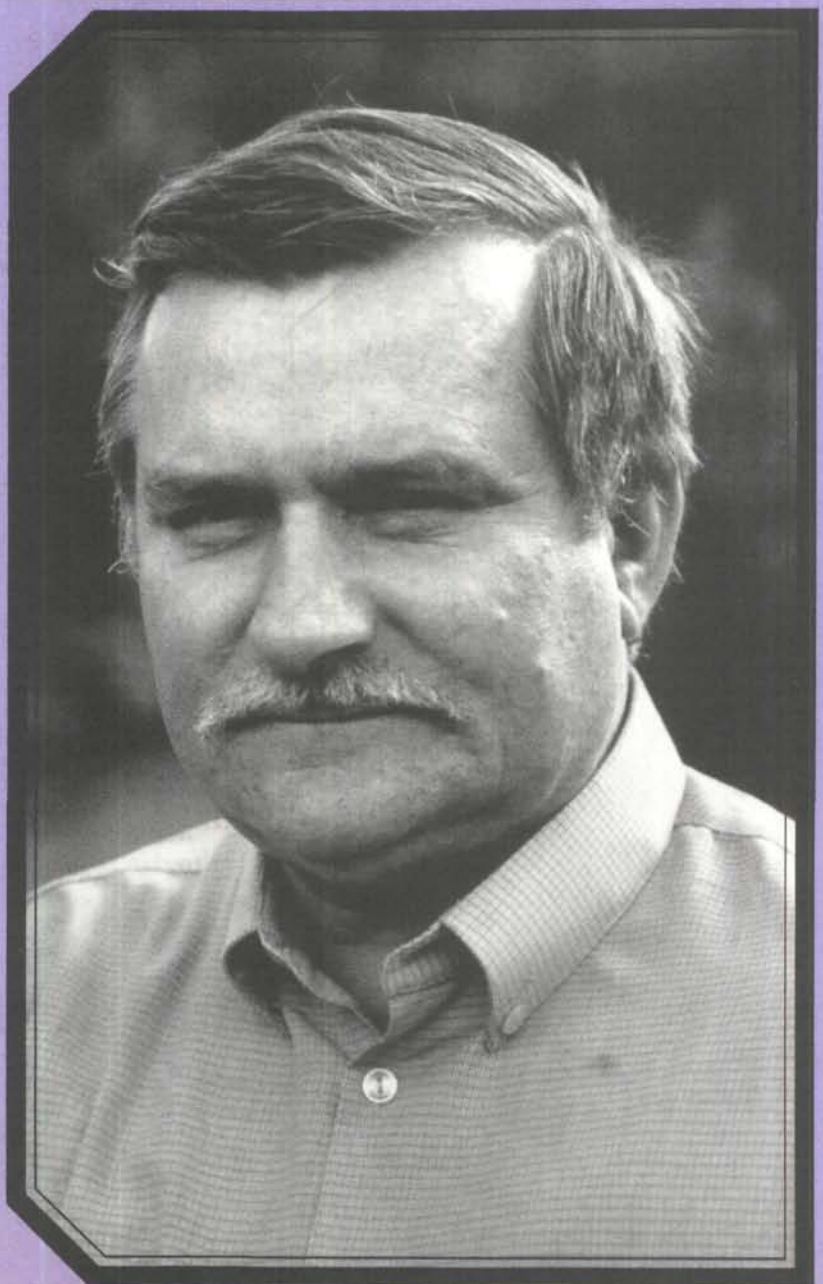
# Problems of Communism

**Essay-Reviews**

Norman Kutcher
Barrett L. McCormick
Alfred Evans, Jr.
Peter van Ham
Karl W. Ryavec
Don Van Atta

JANUARY-APRIL 1991




**The Road From Socialism**
Jan S. Prybyla

**Gorbachev, *Perestroyka*, and Economic Crisis**
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**Romania's Future**
Matei Calinescu & Vladimir Tismaneanu

**Conservatism in Hungary**
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**Crises of the Castro Regime**
Howard J. Wiarda

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Geremie Barmé

**The Inspiration of New York: Meditations of an Iconoclast**
Liu Xiaobo


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# Problems of Communism

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**JANUARY-APRIL 1991 VOL XL**



*Problems of Communism* (ISSN 0032-941x) is a bimonthly publication providing analyses and significant information about the contemporary affairs of the Soviet Union, China, and comparable states and political movements. Views of contributors, as well as geographic boundaries and names, do not necessarily reflect the policies of the United States Government.

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TO OUR READERS: This special "double" January-April issue offers penetrating commentary on political and economic transition in Central Europe, stalled reform in the USSR, and currents among Chinese intellectuals abroad. We shall resume regular bi-monthly publication with the May-June 1991 issue.—**The Editors**.


1 The Road From Socialism: Why, Where, What, and How
*by Jan S. Prybyla*

18 Gorbachev, *Perestroyka*, and Economic Crisis
*by Anders Åslund*

42 The 1989 Revolution and Romania's Future
*by Matei Calinescu and Vladimir Tismaneanu*

60 Conservatism and Hungary's Transition
*by George Schöpflin*

69 Wałęsa's Leadership and Poland's Transition
*by Voytek Zubek*

84 Is Cuba Next? The Crises of the Castro Regime
*by Howard J. Wiarda*

94 Traveling Heavy: The Intellectual Baggage of the Chinese Diaspora
*by Geremie Barmé*

113 The Inspiration of New York: Meditations of an Iconoclast
*by Liu Xiaobo (tr. and intro. by Geremie Barmé)*

BOOKS

119 China: The Time of Song and Tears – *Norman Kutcher*

126 The Impact of Democracy on China Studies – *Barrett L. McCormick*

133 Gorbachev's Unfinished Revolution – *Alfred Evans, Jr.*

144 Soviet Economic Reform and East-West Economic Relations – *Peter van Ham*

150 Soviet Economic Mismanagement – *Karl W. Ryavec*

155 Back to the Future in the Soviet Countryside? – *Don Van Atta*


COVER: Lech Wałęsa, from protest to president. Photo by Mark Deville, Gamma-Liaison.


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IN THIS ISSUE OF

# Problems of Communism

## Articles


**The Road From Socialism: Why, Where, What, and How**

Jan S. Prybyla

Real existing socialism has failed. The only viable alternative to socialism is the market system. To get to the market system, a legal infrastructure has to be put in place, property has to be privatized, free markets have to be established, the economy has to be demonopolized, monetary and fiscal levers of government intervention in the market process have to be introduced, and the system has to be decommunized in its structures and personnel. Poland's "big bang" economic reforms of 1989–91 roughly conform to these prescriptions and, if pursued consistently, will ultimately reward that country with a functioning economy.

**Gorbachev, *Perestroyka*, and Economic Crisis**

Anders Åslund

The Gorbachev regime has taken the economic stagnation it inherited from the Brezhnev era and converted it into a severe crisis, as it wavers between conservative and radical proposals for reform. Its economic actions resemble the economic failures of the communist government in Poland.

**The 1989 Revolution and Romania's Future**

Matei Calinescu and Vladimir Tismaneanu

The National Salvation Front that came to power in the aftermath of the December 1989 revolution that toppled the regime of Nicolae Ceauşescu shows disturbing signs of relying on some of the techniques and policies of the late dictator. Nevertheless, the democratic trappings put in place in the last year may yet acquire substance.

**Conservatism and Hungary's Transition**

George Schöpflin

The essentially conservative coalition government elected in Hungary after the October 1989 collapse of the communist regime lacks a clear political philosophy. It tends toward a traditional radical populism ill-suited for bringing Hungary into the contemporary international economy.

**Wałęsa's Leadership and Poland's Transition**

Voytek Zubek

During the 1980's, Lech Wałęsa became Poland's internationally renowned national leader. But at the end of the decade, Wałęsa's role in Poland's politics had begun to change, and by mid-1990, he had become engaged in a bitter political struggle against the intelligentsia-dominated Solidarity government. If the presidency of Poland is the reward for Wałęsa's struggle, the price of victory may be his image as a leader transcending politics.

**Is Cuba Next? The Crises of the Castro Regime**

Howard J. Wiarda

Seemingly alone among communist regimes, Fidel Castro's Cuba has refused to reform its political system or to acknowledge new international realities and adjust its policies accordingly. The uncompromising bluster of the regime is a sign of weakness, not of strength, for Cuba faces all the general crises confronted recently by communist regimes—crises of ideology, institutions, society, leadership, economy, and morale—as well as crises stemming from its international isolation and preoccupation with and proximity to the United States.

**Traveling Heavy: The Intellectual Baggage of the Chinese Diaspora**

Geremie Barmé

The Chinese intellectual diaspora, swollen in numbers since the 1989 Tiananmen incident, is wrestling with factionalism and a "crisis of meaning" hauntingly familiar to the crisis that their predecessors struggled with 100 years ago. However, Chinese intellectual exiles are unlikely to get a major role in their country's political life unless the system is fundamentally changed.



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## The Inspiration of New York: Meditations of an Iconoclast

Liu Xiaobo (translated and introduced by Geremie Barmé)

An essay by Liu Xiaobo, renegade critic and leader of a June 2, 1989, hunger strike in support of the students on Tiananmen Square, meditates on the question of nationalism, the abiding dilemmas of Chinese intellectuals in exile, and the nature of independent intellectual activity. The essay, written before his involvement in the protest movement, answers official and unofficial critics who have accused him of "national nihilism."

## Essay-Reviews

### China: The Time of Song and Tears

Norman Kutcher

The 1989 student-led democracy movement encompassed two strains, with different aims and, at times, different participants. As the first—which was inward-looking and could be called a "laboratory of democracy"—gave way to the second—which looked outward, toward confrontation with the government—the movement faltered. Its unstructured and selfless nature, which had made it so powerful, kept it from putting into place a structure that would limit the power of its leaders.

### The Impact of Democracy on China Studies

Barrett L. McCormick

China's 1989 democracy movement signaled that the kind of thinking which led to the collapse of communism in Eastern Europe is also occurring in China. Although civic politics will be harder to establish in China than in Eastern Europe and the road to democracy will be longer because of China's history and culture, it is important not to assume that the Chinese leadership's values are the same as society's, that Chinese history and cultural values preclude the development of democracy, that the partial pluralism of bureaucratic politics reflects the most important debates in China, or even that the mainstream press asks the most important questions.

### Gorbachev's Unfinished Revolution

Alfred Evans, Jr.

Mikhail Gorbachev's political reforms have thus far allowed an enormous expansion of popular participation in politics. However, political parties that aggregate popular interests into political coalitions and legislative mechanisms that provide partial satisfaction to popular demands have not been developed. In response to growing discontent, Gorbachev has come to rely on the KGB and the military, making him dependent on institutions that possess impressive means of coercion but little experience in balancing competing interests.

### Soviet Economic Reform and East-West Economic Relations

Peter van Ham

Mikhail Gorbachev lacks both the economic expertise to introduce a coherent program of economic reform and the political courage to implement it. Until recently, the Soviet President has pursued a middle-of-the-road course that was to have resulted in a half-plan, half-market economy. Recently, however, Gorbachev has appeared to give up the effort to find a third way between plan and market, and has opted for a reactionary course.

### Soviet Economic Mismanagement

Karl W. Ryavec

There is no indication that the Soviet leadership is prepared to let the economy off the "treadmill" of pseudoreforms, which have left fundamentally intact the bureaupathologically deformed, economically irrational system of management in the USSR.

### Back to the Future in the Soviet Countryside?

Don Van Atta

The question whether collectivization was necessary has taken on a new urgency in the Soviet Union. The current regime seeks to salvage some legitimacy by adhering to socialist ownership and deal with the food shortage by looking at forms of voluntary cooperation that were emerging in the Russian countryside under the New Economic Policy.

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# The Road From Socialism: Why, Where, What, and How

**Jan S. Prybyla**

Jan Škoda, vice chairman of the Czechoslovak Socialist Party, who knows about such things first hand, has said that "the people don't want to hear the name of socialism—it gives them heartburn." Friedrich Hayek, who knew this long before Škoda, wrote that "the decline of communism [is] occurring mainly where it has actually been implemented—and has, therefore, been allowed to disappoint utopian hopes. It lives on, however, in the hearts of those who have not experienced its real effects: [among] Western intellectuals and among the poor . . . in the Third World. . . . In the latter, 'liberation theology' may fuse with nationalism to produce a powerful new religion with disastrous consequences for people already in dire economic straits."[1]

I use the word "socialism" to denote the system—otherwise known as "real, existing socialism"—that has actually been applied in this century by ruling communist parties all over the world. I restrict the term to centrally planned, administrative, command economies of which the Soviet Union from Lenin to Gorbachev is an excellent example. By socialism I do not refer to the academic-intellectual (*Kathedersozialismus*), Third World clerical-messianic, or promissory-visionary meanings of the word. In their attempt to dissociate what they believe to be the true essence of socialism from the debacle that has befallen "real, existing socialism," some people—in the West and East, but especially in the West—deny the centrally planned economy's socialist credentials. Instead, they call that construct Stalinist or even Leninist—an error of work and style, a misinterpretation of or deviation from the original script that was presumably caused by the warped personalities of the leading actors in the historical drama written by Marx.[2] By contrast, others, anxious to "put this thing behind us," trace the origins of command socialism all the way back to Plato. Leaving this debate aside, in this article I will focus on fundamental ideas or principles that govern socialism, and the uncharted journey away from it. I try to answer four questions: why has socialism failed, where to go, what to do, and how to do it? I take it as axiomatic that socialism has failed.[3]

*Jan S. Prybyla is Professor of Economics at the Pennsylvania State University (University Park, PA). He is the author of, among others,* The Political Economy of Communist China *(1970),* The Chinese Economy: Problems and Policies *(1978),* Issues in Socialist Economic Modernization *(1981),* Market and Plan Under Socialism: The Bird in the Cage *(1987), and a collection of essays published by the American Enterprise Institute (Washington, DC) entitled* Reform in China and Other Socialist Economies *(1990). He is a contributing editor of* Current History *and a member of the board of editors of* Comparative Strategy.

[1]Friedrich A. Hayek, *The Fatal Conceit: The Errors of Socialism*, Chicago, University of Chicago Press, 1989, pp. 137–38.

[2]For example, Günther Guillaume, East German master spy and a former aide to West German Chancellor Willy Brandt who was exposed in 1974, has said: "My work was misused by a distorted form of socialism." *The Washington Times*, Mar. 12, 1990. Guillaume helped to prepare the East German communist party (renamed the Party of Democratic Socialism) for the March 1990 elections. Guillaume's former unwitting employer, Willy Brandt, stated: "Let's face it, socialism has been discredited by the mess created in the so-called 'socialist countries.' But there should be no doubt that what existed in Central and Eastern Europe was anything but Democratic Socialism—or Social Democracy as I prefer to call it." Speech to the Council of the Socialist International at the Waldorf Astoria hotel in New York, *The New York Times*, Oct. 14, 1990.

[3]But not all the profession does. At the Allied Social Science Associations meeting (Washington, DC, December 28–30, 1989), a panel under the sponsorship of the Association for Comparative Economic Studies was scheduled to discuss the question "Has Socialism Really Failed?" One could regard this as an example of faith triumphant in the face of evidence, but on closer inspection it transpires that two of the three papers were concerned with socialism in the Third World, presumably the clerical-messianic, promissory-visionary variant of socialism. The panel was subsequently dropped.



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## Why Has Socialism Failed?

Socialism has failed because it is based on an intellectual error. The error consists in the assumption that (1) someone positioned at the center (or top) of a deliberately constructed hierarchical organization can obtain and process manifold information from numerous dispersed sources; (2) that this information is better than that obtained through the market process; and (3) that this information can be used to determine and rank-order ends that mandatorily substitute for and are "superior" to those emerging from individual people's choices.

The assumption has three flaws. First, it misunderstands and misrepresents both the nature of dispersed knowledge in a spontaneously evolving, self-forming, extended macro-order (the market system) and the ability of deliberately constructed hierarchical structures (the centrally planned system) to substitute for the information-gathering institutions of the market. The point here is not that the job is too big in a technical sense or that those who obtain and process the information are bad people out to sabotage the system ("wreckers"), but that

*the market is the only known method of providing information enabling individuals to judge comparative advantages of different uses of resources of which they have immediate knowledge and through whose use, whether they intend it or not, they serve the needs of distant unknown individuals. This dispersed knowledge is* ***essentially*** *dispersed and cannot be gathered together and conveyed to an authority charged with the task of deliberately creating order. . . . We are able to bring about an ordering of the unknown* ***only by causing it to order itself.***[4]

It is not a question, as is sometimes suggested, of using more and better computers and more sophisticated mathematical models to enable the central planners to solve the information problem. The information problem is not one of computation alone. Acquiring information is more importantly and intrinsically a social process of discovery, a creative learning procedure for which competitive market trading and private property rights are indispensable.[5]

The second flaw in the socialist assumption is psychological and moral. It consists in the assertion, both erroneous and arrogant, that individual human beings do not know what they want and have to be told by some superior intelligence, with a claim to special understanding of social rationality, what it is that they really want. The assertion and the claim are elitist and dictatorial, no matter that they are usually couched in egalitarian-populist-participatory-democratic rhetoric. They result in petty tutelage that reduces to a condition of perpetual infantilism the adult human beings enmeshed in the system.

The third flaw, emanating from the second, has to do with incentives. Since the allegedly superior metahistorical understanding of social rationality by the center rarely if ever corresponds to individual preferences, it has to be imposed on individuals. The means for reconciling the preferences of individuals and the central planners is force, usually accompanied by fear (whence the importance attached by socialism to military and public security goods and services). Resort to force as the principal means for rank-ordering and harmonizing divergent, often incompatible, private and central ("public") goals has a deleterious effect on both the quality of information in the system and on the system's moral fiber. People will lie and cheat as a matter of course, causing the system to err in its computations, distort its incentives, and debase its ethics.[6]

## Where to Go

A difficulty often mentioned in connection with getting out of socialism is that there is no ready-made blueprint for transition, no road map so to speak. It is a journey into the unknown. That is not in itself as big a problem as it is made out to be. In fact, it is perfectly normal and understandable when one deals with evolutionary, extended social orders. In the particular case of evolution away from socialism, we at least know the general direction that change should take since there

[4]Hayek, op. cit., pp. 77, 83 (emphasis in the original). See also his "The Use of Knowledge in Society," *American Economic Review* (Princeton, NJ), No. 4, 1945, pp. 519–30. As Adam Smith wrote: "Every man is, no doubt, by nature, first and principally recommended to his own care; and as he is fitter to take care of himself than of any other person, it is fit and right that it should be so." *The Theory of Moral Sentiments*, New York, Augustus M. Kelley, Reprints of Economic Classics, 1966, p. 119.

[5]Don Lavoie, "Computation, Incentives, and Discovery: The Cognitive Function of Markets in Market Socialism," *The Annals of the American Academy of Political and Social Science* (Philadelphia), January 1990, pp. 77–79; Lavoie, *National Economic Planning: What Is Left?* Cambridge, MA, Ballinger, 1985.

[6]Additionally, in the name of an iron law of dialectical historical progression (which is erroneous because neither biological nor cultural evolution knows anything like "laws of evolution" or "inevitable laws of historical development" [Hayek, op. cit., p. 26]), class hatred is designated by Marx as the driving force of historical necessity. This, as I have argued elsewhere (*Orbis* [Philadelphia], Winter 1983, p. 879) is social racism in the service of an elevated, ever receding, utopian goal, a poor and, indeed, mischievous and thoroughly evil foundation on which to build a society. Scholastic disputations (between the "one divides into two" and the "two combine into one" schools) about the essence of the historical dialectic



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are living examples of a successful alternative system right next door, on the other bank of the river, across the straits, or south of the DMZ. What is lacking is a detailed road map (and that the economists are used to), the how-to-do-it part of the trip. The direction, however, is clear, if not acceptable to all the travelers (especially to those concerned above all with either the purity of the Marxist faith or, more pragmatically, with market failures), and it is equally clear, in general terms, what steps have to be taken to get there. So, where does one go?

One can, of course, stand still, do nothing, and cling to the old socialism, like Cuba and North Korea. In the most basic terms, the old or classical socialism equals state property plus state coordination. At the end of that road lie stagnation and decomposition.

One way out of the present morass is to adjust the system to the left, that is to say, uproot all remaining vestiges of the market and private property and dismantle the bureaucratic planning apparatus. This is the way to War Communism, Maoism, Pol Potism, and other as yet untried sociopathic creations of radical, nihilistic socialism. In the simplest terms, socialist radicalism equals state property plus coordination through faith and personal-factional networks.

A second way is to adjust the system to the right, toward the market and private property. This can be done either a little (discreet revisionism) or a lot (advanced revisionism). Examples of discreet revisionism include the USSR from Malenkov to Gorbachev, most of Eastern Europe until 1989, China from 1961 to 1966, and Cuba off and on. Examples of advanced revisionism include Hungary after 1968 and China from 1978 to 1988. Such minor and major adjustments to socialism do not work, the exemplary exertions of talented people like Michał Kalecki to find a theoretical justification for them notwithstanding.[7] They represent various mixtures of state and private property plus state and market coordination. At its most advanced, the second way merges with the third.

The "third way" is disillusioning, not to say disastrous, for people who seek to discard the sackcloth of socialism. It is to go half way to the market system, to cobble together selected plan and market institutions in a mixed economy, but not to cross the hard-to-quantify but very real systemic line into capitalism. The third way is usually referred to as market socialism (or a socialist market, or socialism with this or that national or cultural characteristic, or commodity socialism). There are several variations on this theme, including the system of worker self-management. At various times, Hungary, Yugoslavia, and even China (although more in promise than execution) walked down this road.

Analytically, advocates of the third way reason that the institutions of socialism and the market system are compatible and that with the aid of mathematical models, simulation techniques, and computers they can be fused in a mixed system of market socialism that is positively superior to capitalism. In its simplest and purest theoretical terms, market socialism equals state property plus market coordination, but in practice, it tends to mix state and private property and state and market coordination beyond the limits of the advanced revisionism discussed above.

The formal model for the third way was first elaborated by the Polish economist Oskar Lange in the 1930's,[8] but the issues surrounding the possibility of rational resource allocation under socialism continued to be the subject of controversy long after the publication of Lange's *On the Economic Theory of Socialism*.[9] An analytically elegant variant of the market socialist idea is the

notwithstanding, this way of looking at the world precludes tensions being resolved by concession or retreat of the historically branded, formerly dominant, class. Coexistence of classes, mutual accommodation, some sort of social bond are not possible in this view except as tactical "united front" means of outwitting and eventually annihilating the class enemy. Incidentally, as Ludwig von Mises pointed out long ago, "the apostles of violence wrote their books under the sheltering roof of 'bourgeois security' which they derided and disparaged." *Human Action: A Treatise on Economics*, Chicago, Henry Regnery, 1963, p. 172.

Moreover, the Marxist assertion that capitalism spawns an ever larger and more militant working class (its gravediggers) is refuted by events. In fact, advanced capitalism reduces industrial workers to a minority. As for the alleged class division between rich and poor, which liberation theologians want to exorcise with Marx-inspired socio-Christian incantations, the pragmatic American answer, fast gaining ground around the world, is both more humane and effective: "Americans have never, on the whole, been particularly envious or resentful of the rich—which is why efforts to inflame 'class' antagonisms have been so transient. The rich are not perceived as a 'class' but rather as people just like us—only they have more money." Irving Kristol in *The Wall Street Journal* (New York), Oct. 8, 1990. "That's why most of us, or our forefathers, came here in the first place." Letter to the Editor, ibid., Oct. 12, 1990.

[7]Jan S. Prybyla, *Market and Plan Under Socialism: The Bird in the Cage*, Stanford, CA, Hoover Institution Press, 1987. See also Jerzy Osiatynski, *Michał Kalecki On A Socialist Economy*, New York, St. Martin's Press, 1988; and John Bennett, *The Economic Theory of Central Planning*, New York, Basil Blackwell, 1989.

[8]Oskar Lange, "On the Economic Theory of Socialism" (1938), reprinted in Benjamin E. Lippincott, Ed., *On the Economic Theory of Socialism*, New York, McGraw-Hill, 1964, pp. 57–143. Writes Lange: "Let us put the simultaneous equations on an electronic computer and we shall obtain the solution in less than a second. The market process with its cumbersome *tâtonnements* appears old-fashioned. Indeed, it may be considered as a computing device of the pre-electronic age." "The Computer and the Market," in C. H. Feinstein, Ed., *Socialism, Capitalism, and Economic Growth: Essays Presented to Maurice Dobb*, Cambridge, Cambridge University Press, 1967, p. 158.

[9]A good presentation of the debate may be found in Don Lavoie, *Rivalry and Central Planning: The Socialist Calculation Debate Reconsidered*, Cambridge, Cambridge University Press, 1985, and Abram Bergson, "Socialist Economics," in H. S. Ellis, Ed., *A Survey of Contemporary Economics*, Homewood, IL, Irwin, 1948, pp. 1412–48.



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labor-managed market economy or worker self-management model elaborated by Jaroslav Vanek of Cornell University in the 1970's.[10] Again, in the simplest theoretical terms, a labor-managed market economy equals worker-owned property plus market coordination. In practice, worker-owned, state, and private property are intermingled with state, social-compact, and market coordination. This system, according to Vanek, is both more efficient than capitalism and morally superior to it, at least in its conceptual form.[11] In practice, it has been a disaster in Yugoslavia, the country where actual economic practice most closely approximated this model.

The superiority of the third way over the market system is dubious on grounds of the fundamental incompatibility of market and plan institutions, specifically the incompatibility of state or worker-owned property (relying as it does on the commandist tendencies of flesh-and-blood bureaucrats who do not measure up—even remotely—to the Weberian ideal of probity and rationality) and market coordination. The Russian republic's Boris Yel'tsin says the third way is like trying to mate a hedgehog with a snake, an undertaking, one might add, that is both painful and ineffective. János Kornai sees market socialism as the brainchild of a convinced socialist of the 1930's (Lange), who "lived in the sterile world of Walrasian pure theory and did not consider the socio-political underpinnings of his basic assumptions."[12] Kornai adds:

*The time has come to . . . abandon the principle of market socialism, even though a number of people still want to continue rearguard actions for this credo. . . . The market mechanism is the natural coordinator of private-sector activities. This is linked to the autonomy of the decision-maker under the market mechanism, and to the centrality of the notion of free contract for both the operation of the market mechanism and the safeguarding of private property. It is futile to expect that the state unit will behave as if it were privately owned and will spontaneously act as if it were a market agent. It is time to let go of this vain hope once and for all. Never, no more. There is no reason to be astonished at the fact that state ownership permanently re-creates bureaucracy, since the state-owned firm is but an organic part of the bureaucratic hierarchy.*[13]

## Market Ethics

Intellectual opposition to crossing the systemic border to capitalism seems to arise mainly from the reservations that some people—in both East and West—harbor on the subject of market ethics, particularly about the market's indifference to "equality" and "justice," and the market actors' use of material self-interest (interpreted as greed) as their principal incentive. The ambivalence on the subject of market morality ("this is the capitalist system, and you have to move the merchandise"), often verging on outright hostility, antedates the market system. It can be traced back to the low status that over the centuries moral philosophers, theologians, and secular rulers attached to trading ("nonproductive") and money-lending at interest (usury). Roman Catholic thought, for one, is wary of individualism. Pope John Paul II has repeatedly taught the priority of "labor" over "capital" and has rejected arguments that favor the exclusive right of private ownership of the means of production. In its more recent "post-socialist" Western rendition, the intellectual Left's low opinion of market morality latches onto legitimate environmental and other concerns (racism, feminism, organic foods, animal rights, alternative life styles, biodegradable garbage bags, vegetarian pacifism) espoused by many nonsocialists. A reviewer of a Polish

[10]Jaroslav Vanek, *The General Theory of Labor-Managed Economy*, Ithaca, NY, Cornell University Press, 1970; Vanek, *The Participatory Economy: An Evolutionary Hypothesis and a Strategy for Development*, Ithaca, NY, Cornell University Press, 1971, and Vanek, *Self-Management: Economic Liberation of Man*, Ithaca, NY, Cornell University Press, 1977. See also Branko Horvat, *The Yugoslav Economic System: The First Labor-Managed Economy in the Making*, White Plains, NY, M. E. Sharpe, 1982.

[11]Vanek says that his system, which he calls the "participatory economy," not only "appears in a very favorable light" when compared with both an absolute standard of efficiency and with the performance of other economic systems, but that it is morally superior as well, in that it avoids the "mutilation of men when used exclusively as mechanical factors of production." *The Participatory Economy*, p. 119. A summary of the criticisms of the Vanek model may be found in Prybyla, op. cit., pp. 10–12.

[12]János Kornai, "Hungarian Reform Process," in Victor Nee and David Stark, Eds., *Remaking the Economic Institutions of Socialism: China and Eastern Europe*, Stanford, CA, Stanford University Press, 1989, p. 85. Kornai has an incisive critique of the Lange model (as perceived by the economics profession) on pp. 83–86. In earlier days, Kornai thought that some form of market socialism was a viable alternative to both socialism and the market system. He now considers this stage in the development of his thought to have been naïve reformist. Some East European economists never outgrew it. For example, the Polish economist Włodzimierz Brus (now at Oxford) writes (in the same volume) that he does "not regard the need for reconsideration of some of the [socialist economy's] limits recognized in the past as tantamount to acceptance of unlimited marketization of the system, even for reasons of pure efficiency. . . . I still do not subscribe to the view that private ownership is the only possible environment for the operation of the market" (pp. 271, 275).

[13]János Kornai, *The Road to a Free Economy. Shifting from a Socialist System: The Example of Hungary*, New York, W. W. Norton, 1990, p. 58. The trip of Hungary's New Economic Mechanism (NEM) down the third road led nowhere. The chaotic collapse of the Yugoslav experiment with worker self-management is a blow to Vanek's aesthetically pleasing analytical vision. But the romantic side of the vision remains alive.



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book on how to get out of socialism admonishes the author for his failure "to ask some hard theoretical questions whose practical consequences could come back to haunt the marketization effort, such as the effects of 'marketizing' state industry on environmental policy."[14]

Joined to these moral objections to the market system is the angst of former members of the socialist *nomenklatura* (the planning, administrative, secret-police, and supervisory bureaucracies) threatened with forfeiture of the personal quasi-rents they used to draw from state-owned goods, and with the structural unemployment that will follow upon the emergence of a self-regulating, market mechanism making much bureaucratic labor obsolete. Populist and trade-union concerns about giving industrial workers a fair shake or better (special access to shares of privatized state-owned assets and legislation to make their voice dominant in enterprise management) are also at work. Then too, the money illusion (prices at artificially low levels combined with a lack of goods to buy) fostered by socialism is shattered by free-market prices and wages that more accurately reflect relative scarcities and marginal labor productivities. So, not surprisingly, many people, as workers and consumers, cry out for protection.

There is no doubt that the normative case for the market system ("fairness") has not been made as convincingly as has the positive case. The moral case for capitalism has not matched capitalism's exemplary success in doing what an economic system is supposed to do, namely, supplying people with a larger quantity and better quality of goods and services that the people themselves want at prices they are willing and able to pay, and to do this efficiently, that is, with the least expenditure of resources. There is, nevertheless, a strong moral case to be made for capitalism. Hayek's approach to the question of market ethics is that the market system rewards individual success in fulfilling the needs of others regardless of the merit of those needs, rather than ensuring the individuals' conformity with some rationally conceived moral system (designed by a god, a central committee, a workers' council, or tenured faculty radicals). The market system, says Hayek,

*arises out of a competitive process in which success decides, not approval of a great mind, a committee, or a god, or conformity with some understood principle of individual merit. In this order the advance of some is paid for by the failure of equally sincere and even meritorious endeavors of others. Reward is not for merit (e.g., obedience to moral rules). For instance, we may fulfill the needs of others, regardless of their merit or the reason for our ability to fulfill them. . . . Understandable aversion to such morally blind results, results inseparable from any process of trial and error, leads men to want to achieve a contradiction in terms: namely, to wrest control of evolution, i.e., of the procedure of trial-and-error—and to shape it to their present wishes. But invented moralities resulting from this reaction give rise to irreconcilable claims that no system can satisfy and which thus remain the source of unceasing conflict. The fruitless attempt* ***to render a situation just*** *whose outcome, by its nature, cannot be determined by what anyone does or can know, only damages the functioning of the process itself.*[15]

Clearly, such an evolutionary[16] theory of morality (or descriptive ethics) offends those who, like the socialists, seek to use reason to design a system of morality.

Another approach to capitalist ethics is to consider the market system's exclusionary principle which, it can be argued, is more "modern" and democratic-egalitarian, and less socially, racially, and politically elitist, capricious, and offensive than other means of excluding potential buyers from relatively scarce supplies (for example, access to special stores through communist-party affiliation or to a new apartment through political influence). In the market system, the ability and willingness of buyers to pay the going market price

[14]Ben Slay, review of Adam Lipowski's *Mechanizm rynkowy w gospodarce polskiej* (The Market Mechanism in the Polish Economy), Warsaw, Państwowe Wydawnictwo Naukowe, 1988, in *Comparative Economic Studies* (Tempe, AZ), Fall 1990, p. 169. Presumably the reviewer had read about but perhaps not visited the areas of socialism's ecological holocaust (for example, Silesia) by comparison with which the capitalist Ruhr is an environmentalist's dream come true.

[15]Hayek, op. cit., pp. 73–74. Emphasis in the original.

[16]The evolutionary selection that Hayek speaks of is the survival of that system which is most successful at increasing population and wealth. The rules of conduct—especially those concerning private property, honesty, contract, exchange, trade, competition, gain, and privacy—that enable such systems ("extended orders") to emerge "are handed on by tradition, teaching and imitation, rather than by instinct, and largely consist of prohibitions ('thou shalt not's') that designate adjustable domains for individual decisions. . . . I prefer to confine the term 'morality' to those non-instinctive rules that enabled mankind to expand into an extended order since the concept of morals makes sense only by contrast to impulsive and unreflective conduct on the one hand, and to rational concern with specific results on the other" (op. cit., p. 12). The socialist system's ethic is of the latter kind. "To follow socialist morality would destroy much of present humankind and impoverish much of the rest" (ibid., p. 7)—an observation confirmed by history. In the market system, "every transaction is voluntary. Self-interest and competition silently process staggering quantities of information and direct the flow of goods, services, capital and labor—just as in [Adam] Smith's much simpler world. Farsighted as he was, he would surely have been impressed. Mind you, modern man has also discovered something else. With great effort and ingenuity, and the systematic denial of personal liberty, governments can supplant self-interest and competition, and replace the invisible hand of market forces with collective endeavor and a visible input-output table. The result is a five-year waiting list for Trabants." "The Modern Adam Smith," *The Economist* (London), July 14–20, 1990, p. 11.



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determines access to goods. Moreover, the decision whether to seek access or not is up to the autonomous individual possessor of money, not up to planners and other faceless bureaucrats outside and above the individual.[17] As Peter L. Berger explains, the market system's cultural presuppositions include

*an aversion to mystical otherworldliness, a pragmatic mind set, habits of discipline and self-denial, and stable family life. And among likely cultural consequences are the melting-down of traditional barriers of ancestry and caste, a calculating, risk-assessing approach to life, and an orientation toward the future rather than the past. . . . In all likelihood, the market, taken by itself, fosters both the virtues and the vices of salesmanship. Among the virtues are risk-taking, initiative and innovation, and at least a rough egalitarianism (everybody's money has the same color). Among the vices are the tendency to assess human success in purely monetary terms ("how much is he worth?"), an extension of competitiveness and achievement-orientation into non-economic spheres of life where these are inappropriate (notably the sphere of intimacy), and a disparagement of what the Greeks called the "theoretical life."*[18]

A third normative argument for capitalism addresses more particularly the market system's relationship to political democracy. Although the experiences of post–World War II Taiwan and South Korea, and today's Singapore show that capitalism can coexist with political authoritarianism (but not with totalitarianism), it works at its natural and spontaneous best in an environment of democracy, which presupposes observance of the rule of law:

*[Market] entrepreneurs cannot function properly without a working democracy. They need the stability of openly debated, representative law to be able to make long-term plans. They need the assurance of basic rights such as those of property, information, and movement. Nor can a democracy work without the independence intrinsic in private enterprise. And as a foundation, both require a governmental structure in which a balance of power imposes respect for established and lasting law.*[19]

## What To Do?

The third way—or market socialism and associated labor management constructs—represents, in my view, the greatest single threat to the efforts of the newly liberated people in Eastern Europe to break with the errors and oppressions of socialism. Unlike the always conceivable attempts by armed sections of the *nomenklatura* to bar the way out and keep the people in, third-way dystopias are insidious in the peaceful gentleness with which they insinuate themselves into the discussion of systemic alternatives. If adopted (and some influential Czechs have been toying with the possibility), they will, via a long detour, lead to a dead end.[20] A wound can be no less fatal for being self-inflicted.

The only proven effective alternative to socialism is the market system.[21] Transition to the market means replacing Marxist-Leninist ideas and socialist institutions. An essential political precondition for the painful institutional conversion is the people's trust in their government. This is to say that the self-appointed, self-anointed, illegitimate communist government has to be done away with. The intellectual error concerning the theoretical possibilities, feasibility, and superi-

[17]It can be argued that the normal socialist condition of chronic supply shortages (goods-scarcity) in which money is, by and large, not convertible into desired goods (except on the black market) is one more way in which the decision as to what the individual should want and what he will get is transferred from the individual to bureaucrats outside his ken and control.

[18]Peter L. Berger in *The Wall Street Journal*, July 14, 1988. Berger argues elsewhere that if advanced market societies were judged by the yardstick of absolute standards of living, rather than by inequalities within them, "the level of moral acceptability would surely rank among the highest in human history." Cited in E. J. Dionne, Jr., "Catholics Debate Morality of Capitalism, US Style," *The New York Times*, Nov. 29, 1986. "In a simple commercial transaction from hand to hand, the seller wishes to gain as much as possible and the buyer to pay as little as possible. We have here a conflict of interests, but neither of the partners expects a sacrifice from the other side. The relation is impersonal, and the preference given to our own interests is not to be taken as egoistic. In personal relations our obligations are different. It is not so pleasant to bargain with a friend." Maria Ossowska, *Social Determinants of Moral Ideas*, Philadelphia, The University of Pennsylvania Press, 1970, p. 72.

[19]Ellen Geld, "Dictatorial Habits Hard to Break in Brazil," *The Wall Street Journal*, Nov. 21, 1986; see also Jan S. Prybyla, "Socialist Economic Reform, Political Freedom, and Democracy," *Comparative Strategy* (New York), No. 4, 1988, pp. 351–60, reprinted in Prybyla, *Reform in China and Other Socialist Economies*, Washington, DC, American Enterprise Institute, 1990.

[20]On the temptations of the third way in post-communist Eastern Europe, see William Echikson, *Lighting the Night*, New York, Morrow, 1990. "We Social Democrats advocate a mixed economy, which does not mean that we have a fixed formula for the proper mix. No one has to convince us that market forces are indispensable for economic growth, but we also believe that private interest must be attuned to the public interest in social justice and ecological survival" (Willy Brandt in *The New York Times*, Oct. 14, 1990). Worker management has been advocated in the United States as an improved version of capitalism in the form of employee stock-ownership plans since Louis Kelso and Mortimer Adler's *The Capitalist Manifesto* (1958). See Dwight D. Murphey, "Employee Ownership: A Rapidly Growing Threat to a Free Market," *The Freeman* (Irving-on-Hudson, NY), July 1990, pp. 258–61.

[21]As Arthur Seldon has argued in *Capitalism*, New York, Basil Blackwell, 1990.



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or efficiency of central planning and of its associated ethic also has to be discarded and replaced by the principle that economic choice is best left to the voluntary mutual consent of competing individuals personally responsible for their actions, unless the contrary is proved in specific cases beyond a shadow of a doubt. In principle, access to goods has to be through willingness and ability to pay the going market price—with allowable exceptions determined by the community's moral standards, which are expressed through freely chosen, representative political institutions. Government efforts to shape outcomes are acceptable but subject to strong restraints. When working properly, the system provides equal opportunity at the start but does not guarantee equality of outcomes; the latter it cannot, and should not attempt to, accomplish.

Opponents of transition to a full market system, notably the proponents of a third way, introduce into the discussion tangential issues, one of the more distracting of which concerns the allegedly uncompromising totality of the institutional change. They suggest that laissez faire leaves no room for government involvement in the market process, and that there is no place for socialized (state and cooperative) property in a market system seen to be synonymous with "unfettered capitalism" or an unrestrained free market. This nonsense was first dismissed by Adam Smith in his *Wealth of Nations* in 1776 and has been refuted countless times since. Full transition from socialism to capitalism does not mean that market institutions have to be 100 percent pure and that there are no compromises. The question is one of proportions. What laissez faire requires is that in order to do the job of economizing well, people should be left alone as a matter of general principle, not in every detail. Like all living organisms, the market system has its share of failures, some of which are serious (for example, negative externalities, information breakdowns, inability to detect needs not backed by purchasing power, provision of many public goods, etc.). A number of these failures can be remedied by governmental manipulation of market signals; others (a minority) can be overcome only by resort to extra-market, administrative-command interventions in the market process.

The crucial question is one of the relative proportions of the institutional elements that make up the system. Any complex social order has to consist of an internally logical whole of compatible, interacting, mutually reinforcing, and integrated institutions and ideas operating within a larger symbiotic political, legal, and cultural environment. As an absolute requirement, the system must have a sufficient critical mass of such internally consistent, cooperating, and integrated institutions and principles (both positive and normative) that clearly and unequivocally determine the rules of the allocative game. For the system to retain its identity and purpose, systemic borrowings cannot be of such magnitude and qualitative weight as to countermand, substantially and substantively alter, or paralyze the functioning of the system's own institutions and invalidate its theoretical principles and ethics. Kornai sums this up in the following terms:

*The real issue is the relative strength of the components of the mixture. Although there are no exact measures, I venture the following proposition. The frequency and intensity of bureaucratic intervention into the market processes have certain critical values. Once these critical values are exceeded, the market becomes emasculated and dominated by bureaucratic regulation.*[22]

The same applies to the incursion of market institutions and ideas into the socialist system. In my view, the problem with market socialism and allied constructs is that they represent a no-man's land located between socialism and capitalism where the partly dismantled and decayed planning institutions and the incomplete market institutions neutralize each other, a condition appropriately conveyed by the phrase "mixed-up non-system" that muddles but not through. As noted above, Yugoslavia and Hungary in the 1980's, and China around 1985, approximated this condition. But, it is sometimes countered, how about Sweden's "middle way?"[23] And what about the Régie Renault, which is government-owned but acts like a stalwart market actor? Sweden is a capitalist country with very high taxes (sales tax of 23 percent and a top marginal income tax rate of 62 percent in 1990). Market coordination and private property prevail despite widespread statist interventions, mostly in the area of social welfare. As for Renault, the reason for its market orientation and high profits is that, despite the large size of this firm, it is one of many relatively small islands in a French sea of private economy and must perforce swim in compliance with market rules, or go under.[24]

The following six measures have to be implemented on the institutional front to ensure a successful transition from socialism to capitalism:

[22]Kornai, "Hungarian Reform Process," p. 48.
[23]Tony Horwitz in *The Wall Street Journal*, Apr. 5, 1990.
[24]Kornai, *The Road to a Free Economy*, p. 59.



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• A legal infrastructure must be put in place to define the rights and responsibilities of autonomous agents in the market process, particularly regarding property, contract, and tort. The question is not just one of legitimately enacting laws—that, with the collapse of communist dictatorship, is the easy part. Rather, the task is to ensure that the laws are just and applied equally to everyone, and that they are observed in both their letter and spirit—that there is legal order without which the market cannot operate or operates in grotesque, neomercantilist, and corrupt ways, as in Peru, Brazil, and Argentina. Other infrastructures—accounting, managerial, statistical—must also be installed, created ex nihilo for the most part, and accompanied by the inculcation of habits of accuracy and full disclosure in place of socialism's Baron Münchausen statistics. All this is needed for what is, for the post-communist countries, in essence an investment in a promise. It is a big and tough agenda, and the time is short.

• Property has to be privatized. Very broad (but not unlimited), legally sanctioned, and protected rights to the use of, transfer of, and income from things—quasi-sovereign rights over particular domains—have to be vested in individuals and freely constituted associations of individuals. Private property is indispensable for market valuation, that is, for the emergence of those information signals and coordinating devices called market prices, for an efficient incentive system, and, most important, for the discovery of what needs to be done in society, that is to say, for the systemic evolutionary process itself. Private property is very helpful for the proper maintenance of assets on the reasonable theory that people take good care of what belongs to them (witness the decrepit state of socialist property), and it is essential for personal liberty.

• Free markets with free prices have to be introduced for goods, factors (land, labor, capital), and money (interest rates, foreign-exchange rates), and the socialist system of "economic physics" (neo-barter) has to be monetized. The essence of the market system is people's ability to procure the goods they want by unconstrained and unrestricted exchanges of money on the basis of market price information. There must be free entry into the market and free exit from it. This means that there are no barriers to entering market transactions, that workers and managers can be fired, and that unprofitable firms go bankrupt.

• There must be effective dispersal of decision-making power, that is to say, competition that permits interfirm comparison that is absent under socialism. Competition is the market system's evolutionary selection mechanism. State monopolies must be not only denationalized but broken up before privatization. "The Soviet economy [and the same applies to all socialist economies]," writes Soviet economist Vasiliy L. Selyunin, "is essentially a far-flung network of monopolies connected by railroads and run by the Communist party's patronage network."[25] It would serve little purpose to create private firms out of state ones and liberate the price system if ownership of the newly privatized firms remains highly concentrated. In those circumstances, state monopoly pricing would simply be replaced by private monopoly pricing. The creation of conditions for domestic market competition (which must be clearly distinguished from the bureaucratic competition for political influence and connections—*blat*—under socialism) should be accompanied by measures to ensure foreign competition—removing tariff and nontariff barriers to trade and making the domestic currency convertible in most transactions (on foreign trade account at a minimum).

• Macroeconomic levers of governmental intervention in the market mechanism must be introduced. Such intervention is to be primarily indirect and supportive of the market process, that is, it should aim to correct market failures and expand the scope of the market and private property (for example, through public expenditures on social overhead and some aspects of research and development). Such public policy levers include: (1) establishment of effective controls over the money supply; (2) promotion of external exchange convertibility; (3) reform of the banking system; (4) reform of the taxation system (including abolition of the bulk of budgetary subsidies); and (5) creation of a social safety net on an economy-wide basis, notably the introduction of a national scheme of unemployment insurance and job retraining programs. Additionally, in the case of most post-communist countries, the new noncommunist governments will have to negotiate with foreign lenders (commercial banks and governments) concerning payments on outstanding debts.

• The system has to be decommunized, which means: (1) dismantling the bureaucratic planning pyramid and all its works, including physical rationing bureaus and networks of political privilege; (2) retiring the *nomenklatura*, including the punishment of those who

[25] *The New York Times*, May 13, 1990. Selyunin continues: "This kind of economy can't work for man; it can only work for itself. . . . It produces more and more of the means of production, that is, machines, equipment, electricity, fuel, metals, in order to again use all this in the next cycle for still more production of nonconsumable goods, that is, things that people can't eat." In short, as I have argued elsewhere ("China's Socialist Economy: Broken System," in George Hicks, Ed., *The Broken Mirror: China After Tiananmen*, Chicago, St. James Press, 1990, pp. 180–95), the socialist system is non-economic or, more precisely, anti-economic in the sense that it does not address the economizing problem but pursues (political, military, public security) ends of its own.



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have committed serious crimes; and (3) encouraging an intellectual and spiritual renaissance that would help undo the civic harm and moral devastation wrought by decades of socialist governance and ideology, and bring civil society back to life—an awesome and extended undertaking. But the poison has to be removed first, on the model of the detoxification of Nazi Germany after World War II, otherwise it will infect the new system.

## How To Do It?

"The choice of transition to a market [system], which has historic meaning for the fate of our country, has been made," says the economic reform program adopted by the Soviet legislature in October 1990. "The question now lies in how to implement the choice."[26] Although the causes of the socialist implosion (the one sure escape route from socialism) and the steps that must be taken along the route from socialism are clear, by now the practical and urgent question is how to do it. Here the rule seems to be: to each according to his circumstances, although there are four universally applicable guidelines (see below). The answer in its manifold detail will surely be different for the former East Germany than for, say, Russia, Poland, Lithuania, Ukraine, Kirgizia, Czechoslovakia, or Hungary, as it will later be for Cuba, China, Albania, and North Korea. Some tentative answers—positive, negative, and in-between—are being supplied by the application to Poland of the "big bang" theory of transition.[27]

The question of how to do it can be divided into four sub-questions concerning the scope, pace, fairness, and sequencing of the necessary marketizing and privatizing changes.

***Scope.*** As already noted, the reforms have to be comprehensive and system-wide, not partial, selective, and disjointed. Comprehensiveness requires the implantation of what has been called the critical minimum mass of market institutions. For example, it serves no purpose to give broad decision-making powers to firm managements (as has been done repeatedly under advanced revisionism) if the price system remains irrational, that is, totally ignorant of real opportunity costs in the system.

It makes little sense to give farmers private rights of use to (handkerchief-sized) pieces of land, but not to vest in them the legal right to draw unrestricted income from that land and the right of transfer (i.e., to buy, sell, or rent land). There is no point in establishing free markets for (some) goods, but not for factors. In all cases, the price signals will be distorted, and the change will merely add new problems to an already formidable array of old ones. Moreover, due to the absence under socialism of any notion of justice and the rule of law, the granting of legal rights to individuals by a government that the individuals perceive to be arbitrary, crooked, and illegitimate is unlikely to inspire confidence and induce rational conduct by the cynical and anxious owners. That is why one must categorically disagree with those (and there are some left) who persist in believing that "the path toward transition [from socialism] should be monitored through a one-party system, with a rather high degree of centralization and planning, and a dominant state ownership of the means of production," that is, a communist party "modernized," perhaps, by the internalization of "a whole set of countervailing powers (associations, trade unions, lobbies, etc.)."[28]

***Pace.*** The transition must be accomplished quickly. This is particularly true of the installation of the legal, managerial, statistical, accounting, and other infrastructures of the market system. Quickly does not mean instantly, as opponents of the transition would have one believe. But the time-frame implied more nearly coincides with the idea of a surgical thrust or "cold turkey" than it does with a fuzzy, flip-flopping, hesitant, and drawn-out incrementalism. To a considerable extent, the rapidity with which structural changes in the economy can be brought about will depend on what the political traffic will bear, which, as already noted, turns on credibility, trust, and power relations in the system.

Speed is absolutely essential if systemic transformation is not to fizzle out or drop down the black hole of good intentions. This is so for several reasons. A lot of pain and dislocation is inescapably involved in the transition from a supply-constrained to a demand-constrained system; from a system in which—as in the former East Germany—roughly half the work force of an average firm is superfluous (collecting unemployment compensation on the job in the form of wages), and has, therefore, to be dismissed from present employment and deployed in accordance with rules of margin-

[26]Cited by Elisabeth Rubinfien in *The Wall Street Journal*, Oct. 17, 1990.

[27]Jeffrey Sachs and David Lipton,"Poland's Economic Reform," *Foreign Affairs* (New York), Summer 1990, pp. 47–66, and David Lipton and Jeffrey Sachs, "Creating a Market Economy in Eastern Europe: The Case of Poland," *Brookings Papers on Economic Activity* (Washington, DC), No. 1, 1990.

[28]Marie Lavigne, review of Gérard Roland, *Economie Politique du Système Sovietique* (Political Economy of the Soviet System), Paris, L'Harmattan, Collection Socialismes, 1989, in *Comparative Economic Studies*, Fall 1990, pp. 161–62. Lavigne says that "it takes a high degree of courage to support Marxist convictions in a world which overall rejects Marxism." Courage or perhaps something else.



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al revenue product (according to which wages correspond to output); from a system where prices do not even remotely reflect marginal rates of substitution, technical transformation, or return on investment (in fact, they do not have anything whatsoever to do with the economizing process) to one where prices are indicators of relative scarcities and economizing is of the essence; from a system of state monopolies to one of private competition; and so on.

It seems reasonable not to stretch out the pain longer than absolutely necessary, even if prolonging it may somewhat reduce its immediate magnitude. This is so because there is the high probability of resistance from adversely affected special interests coalescing and negating the process of indispensable change, as has in fact happened to structural reform efforts in practically all socialist countries. These special interests include a variety of groups, most (but not all) of them otherwise opposed to socialism, some vehemently so: workers in the state sector threatened with unemployment, consumers worried about rising prices and about falling real incomes during a period of corrective inflation, state enterprise managers forced to retool and compete like rational economic actors in a free market instead of like bureaucrats in a marketplace for political favors, members of the *nomenklatura* whose training had been in Marxist ideology and little else and who risk losing their perquisites, churchmen worried about individualism and the ethic of greed, populists bent on equality, neo-syndicalists convinced of the workers' superior endowments in the area of enterprise management, farmers hurt by foreign competition and shifting terms of trade with industry, and so on.

Moreover, the longer the transition is stretched out, the longer the incompatibility of market and plan institutions will make itself felt. The reality is one of a *déjà vu, déjà connu* adjustment of socialism that borders on the third way, except that this time the blame will fall on the market system. Prolonged, dithering, split-the-difference, half-an-aspirin, neither-this-nor-that reforms that go on and on will besmirch the market system's reputation for getting things done.

It is, of course, self-evident that some changes cannot be brought about as rapidly as one would wish. This is true of the restoration of decency and civility after socialism, and the establishment (in some cases for the first time) of the rule of law. Even Jeffrey Sachs and David Lipton, the chief exponents of rapid transition, admit that "the actual restructuring of economic activity, involving the rise of small and medium firms in the private sector and a shift of production from heavy industry to light industry, services, and housing construction will occur only in the course of the coming decade."[29]

***Fairness.*** The process of transition from socialism, particularly the privatization of assets, must be perceived to be conducted honestly, fairly, and justly. Adam Smith wrote that the emerging market "society may subsist, though not in the most comfortable state, without beneficence; but the prevalence of injustice must utterly destroy it," as it destroyed the old.[30] "The people," says Aleksey Boyko, a USSR Supreme Soviet deputy from Donetsk, "have been driven into the streets not by a deficit of soap, but by a deficit of justice."[31] Through redistribution of wealth in society, marketization and its attendant privatizations involve significant changes in the social structure. Such redistributions should be carried out in the open by agencies strictly accountable to freely elected legislatures, with public sales and open tenders accessible to the largest possible number of potential buyers, perhaps even with special encouragement for small investors.[32] Particular attention has to be paid to purchase bids by members of the *nomenklatura,* including firm managers who have the (misappropriated) money, employees of enterprises put up for privatization (why should they have priority over other investors?), and foreigners.

Sustained popular support for governments and their agencies involved in carrying out marketization, privatization, and demonopolization will to a significant extent be a function of the people's perception that what is going on is above-board. Such popular support based on trust is a necessary condition of successful transition from socialism to the market system.

***Sequence.*** The sequencing of institutional transformations is important, not least because of its impact on macroeconomic stability. Ideally, the six institutional transitions should be accomplished simultaneously, like an act of creation. The need for simultaneous action on the institutional front arises from the holistic nature of systems, their essentially integrated order. According to Sachs and Lipton:

*Real market competition requires a real private sector. While liberalization of private-sector activity would allow a new private sector to arise in the course of time, this natural process [of privatization from below] would be too slow to ensure a proper functioning of the economy in the meantime. Part of the process of building the private sector must therefore include the*

[29]Sachs and Lipton, "Poland's Economic Reform," p. 48.
[30]Smith, op. cit., p. 125.
[31]*The New York Times,* July 25, 1989.
[32]"Privatization in Eastern Europe," *The Economist,* Apr. 14–20, 1990, pp. 20–21.



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*privatization of state enterprises, mainly by selling firms to the public. But at what price? A reliable valuation of firms requires a reliable price structure for the inputs and outputs of the enterprises. This in turn requires market competition, which in turn requires an active private sector.*[33]

This prescription is not easily put into practice. Even under auspicious circumstances, it is difficult to synchronize complex institutional changes.

But there is a clear first step that has to be taken, after which things get bunched up. This step is to bring into existence, as quickly as possible, the legal, accounting, and statistical infrastructures—especially constitutional laws defining and protecting private property in real and financial assets and laws relating to contract—without which no one in his right mind would engage in entrepreneurial activity. Right away a problem arises. Laws are of little use without the civilized spirit that we call the rule of law, the principal elements of which are that the laws be just, that they apply equally to all, and that they be infused with what Adam Smith calls "the soft, the amiable, the gentle virtues, all the virtues of indulgent humanity."[34]

Some societies have no tradition of the rule of law. It may also take time, a generation or two perhaps, to undo the behavioral and attitudinal ravages caused by decades of imposed socialist morality and planned shortages that elevated cheating, mistrust, cynicism, freeloading, envy, passivity, psychological dependence on a paternalistic state, laziness, and hopelessness, not to mention everyday rudeness and crudity, to the status of unofficial, but governing, social and interpersonal principles. "Those who have been accustomed to slovenly disorder lose all sense of neatness or elegance."[35] Until this diseased condition of the soul is healed and the spirit is untwisted, the emergence of legal order, indispensable to the proper functioning of a market society, will be seriously obstructed. So also will the process of privatization of property, revival of nonbureaucratic competition, and the freeing of markets.

Although it is not possible to create instantaneously what took the Western market democracies centuries to refine and weave into a seamless fabric, a few common-sense precautions can be observed after taking the first step. One such precaution is to keep the criminal elements of the *nomenklatura* away from the process of law-drafting and law-implementation, and in fact, some argue, to minimize their participation in the privatization of state assets by, for example, imposing financial penalties wherever it can be judicially determined that their private cash-holdings are due to theft, as they appear to be in most cases.[36]

Once the first step is taken, it is necessary to break up the horizontal and vertical concentrations of state enterprise and encourage the emergence of competition by facilitating (through appropriate legal infrastructures) the entry of small and medium private firms into the market. These firms would supply goods and services that until then had been inefficiently provided by the state monopolies, when they were provided at all. This is the "natural process" of marketization and privatization from below, where laissez faire plus laws safeguarding private property play the leading role. Promoting competitiveness also means letting in foreign competition, including foreign banks, which in turn calls for dismantling barriers to external goods and foreign-currency exchanges. Implicit in this process are:

- the creation of free markets (free entry, free exit, decontrol of prices, elimination of subsidies to firms and consumers);
- effectively resisting pressures from newly emancipated labor unions to index wages to the rate of corrective inflation (if implemented, such indexing would fuel wage-price spirals);
- privatization of state firms through open bidding, that is, the conversion of such firms into limited liability corporations with tradable equity shares;
- the creation of new financial structures, including a central banking system charged with monetary control, and of a network of commercial banks to supply depos-

[33]Sachs and Lipton, "Poland's Economic Reform," pp. 53, 54.

[34]Smith, op. cit., p. 449.

[35]Ibid., p. 282. *The Wall Street Journal*, Feb. 20, 1990, quotes Albert Blaustein, an American lawyer helping Romania draft a new constitution, as saying that the country's legal experts "haven't seen a constitutional law book . . . for 45 years. The [constitutional] commission has five or six books and four of them are old." According to Ludwig von Mises, "In the hegemonic state there is neither right nor law; there are only directives and regulations which the director may change daily and apply with what discrimination he pleases and which the wards must obey. The wards have one freedom only: to obey without asking questions" (op. cit., p. 198.) See also Hedrick Smith, "The Russian Character," *The New York Times Magazine*, Oct. 28, 1990, pp. 31–33, 60–62, 71.

[36]This is where Edgar Feige's proposal for "socialist privatization" commits one of several judgmental errors, for it would give the right of first refusal to purchase 10 percent of the outstanding shares of state enterprises to each firm's workers and managers, the latter being for the most part members of the communist elite whose competence was largely limited to political manipulation and what the French call *détournements de fonds* (theft). (Feige's more fundamental error consists in his attempt to offer yet another academic third way: a big-bang market reform that would not lead to the market system. "The conceptual challenge," as he puts it, "is to structure a new order, one that absorbs the most beneficial economic institutions of capitalism into a socialist value system.") See "*Perestroika* and Socialist Privatization: What Is To Be Done? And How?" *Comparative Economic Studies*, Fall 1990, pp. 1–54, and comments by Michael Marrese and James R. Millar, pp. 55–70.



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it and loan services and write private ownership titles to financial assets;

- restructuring the government budgetary revenues and expenditures with a view to promoting macroeconomic stabilization, including a revamping of the system of taxation and the elimination of socialist price subsidies and bailouts for unprofitable firms;[37]
- the weaving of nationwide safety nets, especially unemployment insurance, to cushion the free fall that many will (and, indeed, have to) experience, for a while at any rate, as a result of the conversion of disguised unemployment into open joblessness.

## Poland's "Big Bang": A Case Study

Much more instructive than warmed-over Langeisms cooked up in ivory towers thousands of miles from where the action is are the experiences accumulated by and the lessons learned from real-life marketizing and privatizing reforms in Central and Eastern Europe, particularly in Poland, where the decision to move rapidly and uncompromisingly to democracy and the market system was made quickly. It remains to be seen whether the Polish political system will provide the economy with the needed staying power and not succumb to the traditional temptation of fractionalism (*sejmikowanie*); whether the neo-syndicalist lures of worker management, the protectionist pleadings of adversely affected but still powerful special interests, and the preachings of the Catholic Church on the spiritual dangers of rational market calculation will be successfully resisted; and whether the advice of foreign Galbraithian socialists (vehemently opposed to the present course) and the counsel of third-roaders will be resolutely rejected. It is not possible to say with certainty at this fluid stage what the final answer will be. One can only say what it should be. Social justice can be worked into the market system and into private ownership, but the market system must be constructed first and allowed to apply its harsh economic calculus to the mess left behind by socialism.[38]

The Polish reforms of 1989–90, whose effectiveness in implanting a productive and stable modern market system remains to be demonstrated, proceeded roughly as follows.[39]

***Legal and statistical infrastructure.*** In the last quarter of 1989, Poland's first noncommunist government since the 1940's put together a comprehensive program for the transformation of the country's ailing socialist economy into a market system, stressing macroeconomic stabilization (that is, measures to deal with transitional inflation and unemployment). A number of important legal, accounting, and statistical questions (for example, laws governing privatization of state property, socialist statistical notions and procedures relating to the consumer price index, misleading measures of product growth such as net material product, and new procedures to measure statistically the growth of the newly emerging private sector) were only begun to be addressed at that time, or were left in abeyance. The continued use of defective statistical methods and procedures meant that the fall in output and real incomes and the degree of inflation and unemployment following price, foreign-exchange, and foreign-trade reforms in 1990 were statistically exaggerated. This tended to give marketization a bad press and strengthened the impact on public opinion of arguments made by the go-slow, piece-by-piece, third-road critics of a rapid and comprehensive transition to capitalism. Toward the end of 1990, some leading socialist measures of economic growth (for example, net material product) and their accompanying theoretical baggage began to be discarded and replaced by Western measurements and concepts. But work on a new consumer price index proceeded slowly.

***Prices.*** Retail food prices were freed in August 1989. Most other prices were freed in January 1990. Some prices (for example, those for housing, energy, and public transportation) were still set by the state, but were raised to cover costs of production. Practically all subsidies were eliminated. Goods shortages were eliminated except for goods sold at controlled prices, and queues disappeared. After an initial burst of inflation (which in late 1989–early 1990 was the result of price liberalization first for food and then for other goods), price equilibrium was attained by mid-year and the threat of hyperinflation receded. In January 1990, the monthly inflation rate was 78 percent; by August,

[37]Barry W. Ickes, "Soviet Macroeconomic Policy and Performance: Implications for *Perestroika*," in D. Cameron and P. Hauslohner, Eds., *Political Control of the Soviet Economy*, Cambridge, Cambridge University Press, forthcoming.

[38]Jan S. Prybyla, "The Polish Economy: A Case Study in the Structure and Strategy of Disaster," *Comparative Strategy*, No. 4, 1989, p. 201. This article was written in the dark days of 1988 before the implosion of socialism, and before the policies of Leszek Balcerowicz, Władysław Baka, and Sachs. But the danger of straying from the capitalist road on which Poland had embarked in 1989 remains very real.

[39]See also Sachs and Lipton, "Poland's Economic Reform," pp. 54ff; Jeffrey Sachs, "What Is To Be Done?" *The Economist*, Jan. 13–19, 1990; "Poland's Economic Performance in 1989 and the First Half of 1990," *PlanEcon Report* (Washington, DC), Sept. 28, 1990, pp. 1–29; Nancy J. Cochrane, "Poland a Year After Price Liberalization," *CPE Agriculture Report* (Washington, DC), September/October 1990, pp. 30–34.



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it was 1.8 percent. Whereas the inflation rate for 1989 was 740 percent, the anticipated rate of inflation for 1990 was 40 percent. The actual rate for 1990 turned out to be around 60 percent. The higher rate of inflation was related to developments in world oil prices and Iraqi oil deliveries, as well as the degree of chaos in the Soviet Union—the main supplier of Poland's oil—matters in which the Poles have little say but which were largely responsible for the rise in the monthly inflation rate to 4.5 percent in September. Soviet deliveries to Poland of both crude oil and oil products were sharply reduced in 1989 and again in 1990. Beginning in 1991, Soviet oil, like all other goods traded among the post-communist countries, will have to be paid for in hard currency, a move that will substantially increase the cost to Poland of its imports.

***Wages.*** Wage increases were indexed well below the monthly rate of inflation, and firms raising wages above the prescribed norm were heavily taxed. In 1990, enterprises adhered to the wage indexing regulations, as did the workers, who in this way "priced themselves into the market."[40] Absenteeism fell sharply early in the year, and few strikes occurred.

Real wages declined significantly during the first six months of 1990, more than real incomes. The difference was due to the emergence of a rapidly expanding private sector, which generated incomes to private business people; the removal of subsidies on basic consumer goods that used to benefit the rich as well as the poor; and the introduction of specific social safety nets for those most adversely affected (free food coupons distributed to low-income families, partial rent reimbursements, unemployment benefits, and payments for job retraining). The government put the decline in real incomes in 1990 at 30 percent, clearly an exaggeration due to the use of a flawed consumer price index weighted toward formerly fixed-price (i.e., underpriced) goods, and because of the omission in the calculations of hidden consumer costs under socialism, such as the palm-greasing that was needed to gain access to desired goods and services. On the basis of per capita personal consumption (a more accurate measure of changes in consumer welfare), economists at PlanEcon estimate the decline in real income in 1990 at 15 percent.[41]

***Consumer demand.*** Domestic demand, particularly for food, sharply declined. Overall, retail trade fell by one-third in the first six months of 1990, but private trade increased by at least 250 percent, probably more. Some of the decline in demand can be attributed to drastic reductions in widespread waste that are not fully measured by the government's unreformed statistical procedures. For example, a large (probably the larger) share of the decline in the demand for bread is due to farmers' no longer feeding subsidized bread to pigs and chicken. To avoid reductions in consumption in the face of rising prices and falling real incomes, consumers have turned to the złoty and hard-currency savings they had accumulated in the past (household "cash overhang"), and households no longer build up accumulations of consumer goods. Such hoarding no longer makes sense, given the ready availability of goods in stores and from private pickup trucks and vans in the cities.[42]

***Output.*** Overall, industrial output fell by almost one-third in the first half of 1990. However, there was a concurrent rapid increase in private industrial output —perhaps by as much as 25 percent. Some of the decline in state-sector output was structurally necessary, because it was the result of the elimination of waste, that is, it occurred because of a reduction in what formerly was a significant volume of output of useless goods (production for the warehouse). Enterprises began to adjust to incipient market competition and paid more attention to costs, factor productivities, and excessive inventories (socialist "hidden reserves" or hoards held in the past as an insurance against uncertain and erratic deliveries of inputs), and trimmed their labor forces, which for 40 years worked according to the socialist principle "Lying down or standing erect, the same money we expect."[43]

***Unemployment.*** Unemployment rose from almost zero at the end of 1989 to 900,000 (4.8 percent of the labor force) by the end of September 1990, and was expected to climb to perhaps 1.5 million by the end of the year. But the following should be noted:

- The rise in unemployment was less than anticipated and less than in East Germany because Polish workers priced themselves into the market by accepting lower wages, keeping strikes to a minimum, and whittling down socialist absenteeism (a significant attitudinal change connected with fear of unemployment, the elimination of the need to stand in lines for scarce consumer goods, and a desire to give the first noncommunist government a chance).
- The projected figure of 1.5 million would represent

[40] *PlanEcon Report*, Sept. 28, 1990, p. 7.
[41] Ibid., p. 1.
[42] Ibid., p. 12.
[43] Quoted by Steven Greenhouse in *The New York Times*, Nov. 10, 1990.



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an unemployment rate of about 8 percent, which is below some West European rates.

- Part of the unemployment was frictional. As workers shifted out of nonviable and obsolete enterprises to market-favored occupations, some structural unemployment appeared (most of it necessary) because of the intra- and inter-sectoral shaking-out of the structurally distorted economy.[44]
- Part of the recorded unemployment was "statistical" in the sense of being open and countable rather than (as in previous years) clandestine and statistically unrecorded. (Practically all state-sector firms used to be vastly overstaffed; many, but not enough, *apparatchiks* who had undertaken—poorly—the economy's information and coordination functions ["planning"], now carried out by the market, had to find new jobs.)

Still, the growth and longer-term persistence of unemployment could generate social disturbances, political instability, and economic demands for special exemptions from the rules on wage hikes and for price-subsidy protections that could stall, postpone, or fatally damage the reforms. Already in mid-1990, Poland's inefficient farmers, whose profits have been squeezed by higher input prices and sharply reduced demand for their products, not only reduced their purchases of fertilizers (by 40 percent in the first half of 1990) and pesticides and cut down herds, but—more ominously for the systemic logic and the practical effectiveness of marketizing reforms—clamored for government-guaranteed minimum purchase prices (price protection) and occasionally backed their demands with militant action. As privatization of large state industrial enterprises (which employ 80 percent of the industrial labor force) proceeds, a large Solidarity constituency will be affected by the shake-out, and powerful forces are likely to be marshaled to oppose the substance and pace of the marketization reforms.

***Market competition.*** Market competition was imported by taking three steps simultaneously. First, the domestic currency was made convertible on trade account on January 1, 1990 at a government-set, unified rate of 9,500 złotys to the dollar (6,500 złotys per dollar the day before). The government promised and took steps to protect this rate. A few capital controls and restrictions on foreign-exchange transactions remain in place, although some of them are loosely enforced. Second, most import and export quotas and tariff barriers to external trade were sharply lowered or eliminated. Nevertheless, a few remain. Third, trade negotiations with the European Economic Community and with Western countries not in the EEC were initiated with the aim of reducing barriers to Polish exports of manufactured goods, coal, and food.

Additionally, steps were taken to defend the pegged złoty-dollar exchange rate and foreign-exchange reserves by securing balance-of-payments and stabilization loans from international financial organizations (about US$1 billion that, as of November 1990, had not been used) and export credits and other loans granted by some Western governments; by rescheduling (through the first quarter 1991) payments on the portion of Poland's $42 billion hard-currency debt owed to Western governments (about three-quarters of the total); and by unilaterally reducing interest payments on about $10 billion owed to Western (mainly German) commercial banks pending negotiations on debt reduction under the US Treasury's "Brady plan."

The policies of securing balance-of-payments and stabilization loans and unilaterally reducing interest payments to commercial banks have been criticized by PlanEcon economists on the grounds that they undermined the credibility of the new democratic government in the eyes of Western commercial bankers at a time when the commercial debt could have been serviced without much difficulty because of an upsurge in Polish exports and the emergence of substantial hard-currency trade surpluses.[45] In the first seven months of 1990, Poland's surplus on hard-currency trade was about $3 billion (plus 4 billion rubles on ruble trade account). The emergence of this surplus was due to a sharp reduction in Polish hard-currency and ruble imports, due in part to the sharp decline in domestic demand and disarray in the Soviet economy and a strong surge in Polish exports to hard-currency areas, especially to Western Europe (hard-currency exports index: 1980—100; 1989—117.4; 1990—148 [PlanEcon forecast]). The various foreign-exchange and foreign-trade measures resulted in maintenance (as of November 1990) of the pegged złoty exchange rate without need for

[44]Hidden agricultural unemployment is estimated at 10–15 percent of the total labor force. Agricultural workers represent about 30 percent of the country's labor force, roughly double the ratio of countries at a comparable level of industrialization. Gian Paolo Caseilli and Gabriele Pastrello, "Poland 1990: From Plan to Market Through Crash?" *Forschungsberichte,* No. 166, August 1990, The Vienna Institute for Comparative Economic Studies, p. 5, note 15. The share of Poland's national income contributed by agriculture is about 15 percent (1988), significantly higher than in the developed Western market economies. For years, Polish agriculture has been mostly private in a de jure sense, but in fact it was hemmed in and restricted by state industrial suppliers, state pricing, and state food-processing and distribution networks. It is plagued by the small size of landholdings, inefficiency, and high production costs. "In most productivity indicators Poland [agriculturally] lags behind the [European Community] by 30–50 percent." Cochrane, loc. cit., p. 34, and pp. 31–32.

[45]For an excellent summary of developments in Poland's foreign trade, see *PlanEcon Report,* Oct. 25, 1990.



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further demoralizing devaluations; partial restoration, the first in many years, of public confidence in the złoty, despite significant increases in domestic złoty prices; and the alignment of domestic prices of traded goods with world-market prices, with the result that at least some of the quasi-monopolistic firms in the state sector became subject to competitive pressure from abroad.

At the same time, domestic competition was encouraged by the removal of legal barriers to the entry of small and medium private firms into the market (promotion of petty or cottage capitalism); small-scale demonopolization and privatization (the breakup of some multi-plant enterprises into their component units and their sale to private parties—including to former members of the *nomenklatura*); and allowing farmers to market their produce directly rather than through the state food-processing monopoly. Private markets sprang up all over the country almost overnight. Private-sector marketing is probably more significant than revealed by the statistics for reasons that have to do with tax avoidance and the continued inability of the state to gauge accurately private economic activity. Private sector output increased by 25 percent in the first half of 1990 (compared to about 12 percent in 1989).

Across-the-board demonopolization of state-owned industrial concentrations, however, made little headway in 1990. By year's end, the state still owned the lion's share of industry (more than 7,000, mostly large, enterprises) and commerce. For example, at the end of 1990, 80 percent of food still went through the state's processing and distribution networks despite the proliferation of private markets:

*Available evidence suggests that these state enterprises are still behaving as monopolies (or monopsonies in their relations with the farmers). The central apparatus governing the activities of these organizations has been dismantled, but what has emerged instead are localized monopolies.*[46]

***Control over the government budget.*** Concurrently with the above measures, the government set out to regain control over its budget. As already noted, practically all subsidies and tax breaks for state enterprises were abolished in one fell swoop; in addition, defense outlays and expenditures on snooping ("public security") were slashed, and state borrowing from the National Bank to pay for current expenditures was forbidden, slowing down the growth in the money supply. The large budgetary deficit (about 4 percent of GNP in 1989) was turned into a surplus (4 percent of GNP in 1990). Real interest rates on savings deposits, which for many years used to be negative, were raised and are now positive and high, encouraging citizens to return to złoty savings, even though personal dollar savings accounts are permitted and still widely used. The tight monetary policy of the first half of 1990 was eased somewhat in the second half. Political pressures were rapidly building to make the government relax further its austere monetary and fiscal policies so as to ease the pains of recession. The extent to which the government manages to do this (as a means to contain social and political discontent) without losing control over the money supply and abandoning fiscal order, will in very large measure determine the future fate of Poland's systemic reform.

***Privatization.*** As noted above, petty privatization from below has been proceeding apace with beneficial effects on the supply of goods and services to the population and competition ("spontaneity") in the economy. Newly emergent small and medium enterprises in various sectors of the economy can also play a useful role (as they did in China) in absorbing rural unemployment, as agriculture strives to improve its efficiency through farm consolidation and the shedding of marginal producers.

The privatization of large state enterprises, by contrast, has been moving forward slowly for a variety of economic reasons, including the difficulty of correctly pricing the assets and the problem of finding domestic and foreign buyers, but perhaps mostly because of a debate—which, although cast in moral-political terms, is in substance economic—about the role of workers in any future private ownership of the denationalized firms. The privatization debate both inside and outside of parliament got bogged down over issues of who really owns the state-owned enterprises and who should in the future own the denationalized, limited-liability joint-stock corporations. Workers had been staking out priority claims to ownership and were pressing the reluctant Solidarity government of Prime Minister Tadeusz Mazowiecki to assure workers a powerful legal say in the privatization process. Some expected these demands to become even more insistent with the election of Lech Wałęsa to the presidency.

[46]Cochrane, loc. cit., p. 2. Cochrane cites research by the Polish Institute for Agricultural and Food Economics to show that even with the elimination of subsidies and falling consumer demand, overall profits in the food-processing industry actually rose in the first half of 1990. Other evidence for the presence of monopolies in the processing and distribution network is the considerable variation in prices from region to region. For example, in July 1990, prices for milk ranged from 461 złotys per liter to 694 złotys. Ibid., p. 32, note 2.



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The privatization law passed by the Polish parliament in July 1990 grants workers' and employees' councils the right to approve the first step in the privatization process. This step involves the conversion of state-owned enterprises into joint-stock companies owned by the Treasury. Employees' refusal to allow privatization can, however, be overriden by the government on recommendation of the Ministry of Ownership Transformation (MOT), but such an override could be politically difficult. Sale of former state enterprises must be initiated by MOT within two years of their conversion into joint-stock companies, either through public sale open to everyone, or private placement of stock. The company as a whole or some of its assets can also be leased to private individuals or corporations. Workers and employees of a corporation can purchase up to 20 percent of the shares offered to the public at half the price of the shares on the first day of sale. Foreign investors can buy up to 10 percent of a company's total capital. Purchase of more than 10 percent of the share capital or of preferred stock can be made only with permission of the Foreign Investment Agency.[47]

The draft law on privatization of state lands ran up against the opposition of President Wojciech Jaruzelski, caused perhaps in part by fears of possible large-scale acquisitions of Polish land—especially in the west and north—by affluent Germans ("colonization"). Some Poles are also having second thoughts about allowing foreign investors liberal access to the economy through joint ventures and outright ownership of assets.

***Decommunization.*** Real decommunization of the former ruling elites has not taken place. Although the reins of elected power are in the hands of the communist regime's opponents, informal networks of former communist-party and government officials are found at all echelons of the economy, their official titles and job descriptions altered to blend into the new democratic background. This aspect of the "velvet revolution" poses, I believe, a very serious threat to the future of marketization, privatization, and political democracy in Poland as well as elsewhere.

## Conclusions

Socialism has failed as an economic system. It has been rejected by the people on whom it had been imposed, and increasingly also by those who had done the imposing.

The only economically viable alternative to socialism is the market system. As one observer put it, "Without a full transition to a market economy, Poland will remain in effect a Third World country supplying cheap labor to Western Europe."[48] The same applies to all other post-communist countries. Third-way alternatives to socialism (for example, market socialism, labor management systems) are intellectual distractions based on a highly arguable dislike for the capitalist ethic. If implemented, they will guarantee that after a long and tortuous detour the post-communist countries will still be in their Third World condition, perhaps somewhat worse for wear.

To get to the market system, numerous changes have to be made: a legal infrastructure (accompanied by changes in accounting, statistical, and managerial concepts and procedures) has to be put in place; property has to be privatized; free markets (with free prices, free entry, and free exit) have to be established; the economy has to be demonopolized and market competition introduced; macroeconomic monetary and fiscal levers of government intervention in the market process have to be created; and the system has to be decommunized in its structures and personnel.

These changes must be comprehensive, that is, of sufficient scope and coverage to bring into being a critical minimum mass of compatible, interacting, integrated market institutions that lay down the rules of conduct. The pace of the changes must be rapid, but moderated by the demands of fairness as expressed by society through its democratic political process. Many of the changes have to be introduced simultaneously.

Until now, the Polish experience with fundamental systemic reform has broadly conformed to this reasoning. The experience has been brief and the results have been mixed. However, barring massive exogenous problems connected with (1) supplies of energy, especially oil, (2) failure to obtain significant debt relief from Western governments, (3) disintegration of the Soviet economy and of the Soviet Union itself, and (4) recession in Western markets, and barring the reformers' yielding to domestic demands for protection of special interests that would involve relaxation of monetary and fiscal discipline and pursuit of unworkable systemic schemes of worker management, Poland is on the right track and its reform will ultimately be rewarded with improved economic welfare. With minor exceptions, the reformers have correctly answered the questions of where

[47] *PlanEcon Report*, Sept. 28, 1990, pp. 25–27.
[48] Cochrane, loc. cit., p. 30.



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to go, what to do, and how to do it. The pain has been necessary to undo 45 years of socialist distortions. The key question now is a political one: how long societal tolerance of the pain will last, and how resolute the reformers will be—if, indeed, they remain in political office—in pursuing the revolutionary transformations.



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# Gorbachev, *Perestroyka*, and Economic Crisis

**Anders Åslund**

Signs of economic crisis amass in the Soviet Union. The Soviet economy appears to be grinding to a halt. It is an open question whether it will disintegrate altogether. The purpose of this article is first of all to establish the nature of the crisis—its causes and depth. Second, we shall scrutinize and evaluate the programs for radical reform that were advanced in 1989 and 1990 in an effort to cope with the crisis.

The traditional systemic distortions of a Soviet-type economy are well known. The economic stagnation that characterized the last years of Leonid Brezhnev's leadership may be explained by a combination of the exhaustion of easily available resources—notably cheap raw materials—and a growing dysfunction of the system as the distorted incentive structure increasingly dissuaded people from performing honest work.[1] However, under *perestroyka*, the USSR has moved from stagnation to a serious crisis situation of drastic economic decline. Thus, we cannot place all the blame for the current disaster on the economic system, but must find specific causes that have to do with *perestroyka*.

To put things in perspective, we note that although Soviet national income was almost stagnant in the first three or four years of *perestroyka*, it did not fall. Unemployment still remains low, at about 6 million,[2] that is, approximately 4 percent of the labor force. Moreover, joblessness is concentrated regionally, in Central Asia and parts of the Caucasus; the labor market in the large cities of the European part of the Soviet Union is actually overheated. Open inflation remained insignificant until 1989. In spite of some strikes since 1989, total losses caused by strikes have been limited—in 1989, there were losses of 7.3 million man-days of work and of only 793 million rubles in production value, according to the official Soviet statistics.[3] Judging solely from these indicators, one might conclude that the problems of the Soviet economy are not severe.[4] Yet, if the economic system was not itself the immediate cause of the economic crisis, there are features of the current Soviet economic malaise that are specific to a command economy out of gear.

## Aggravated Shortages

The first of these features is the presence of serious shortages. By its very nature, a Soviet-type economy is—in János Kornai's words—an economy of short-

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[1] I have discussed these issues in Anders Åslund, *Gorbachev's Struggle for Economic Reform,* Ithaca, NY, Cornell University Press, 1989, pp. 10–22; and Åslund, "How Small is the Soviet National Income?" in Henry S. Rowen and Charles Wolf, Jr., Eds., *The Impoverished Superpower,* San Francisco, ICS Press, 1990, pp. 13–61, 288–305.

[2] From the reform program of the Stanislav Shatalin group, *Perekhod k rynku: kontseptsiya i programma* (Transition to the Market: Conception and Program—hereafter, Shatalin Program), Moscow, August 1990, p. 111; about 4.5 million of this sum is considered "permanent" (essentially regional) unemployment, and 1.5 million, frictional unemployment.

[3] Goskomstat SSSR, *Narodnoye khozyaystvo SSSR v 1989* (The National Economy of the USSR in 1989—hereafter, *Narkhoz 1989*), Moscow, Finansy i statistika, 1990, p. 71.

[4] As James H. Noren of the US Central Intelligence Agency argues in "The Soviet Economic Crisis: Another Perspective," *Soviet Economy* (Silver Spring, MD), January-March 1990, pp. 3–55.



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**Table 1: Stocks as Indicators of Shortage**

**(calculated as of year's end)**

| Years | Stocks of inputs/ stocks of finished goods | Stocks of consumer goods measured in days of average retail sales |
|---|---|---|
| 1980 | 4.8 | 96 |
| 1981 | 4.9 | 101 |
| 1982 | 4.6 | 114 |
| 1983 | 4.6 | 116 |
| 1984 | 4.7 | 117 |
| 1985 | 4.7 | 118 |
| 1986 | 5.2 | 108 |
| 1987 | 5.6 | 97 |
| 1988 | 5.8 | 88 |
| 1989 | 6.2 | 80 |

SOURCES: TsSU SSSR, *Narodnoye khozyaystvo SSSR v 1985 g.* (The National Economy of the USSR in 1985), Moscow, Finansy i statistika, 1986, pp. 474, 554; Goskomstat SSSR, *Narodnoye khozyaystvo SSSR v 1987 g.* (The National Economy of the USSR in 1987), Moscow, Finansy i statistika, 1988, pp. 432, 586; Goskomstat, *Narodnoye khozyaystvo SSSR v 1989 g.* (The National Economy of the USSR in 1989—hereafter, Narkhoz 1989), Moscow, Finansy i statistika, 1990, pp. 126, 626.

ages.[5] The outstanding change that occurred in the mid-1980's was that the perennial imbalances on the domestic Soviet markets were sharply aggravated.

There are many indicators of shortages, although there is no agreed standard measure. One measure is the general availability of goods, which has been regularly assessed by the All-Union Scientific Research Institute for the Study of the Population's Demand for Consumer Goods and Trade Cycles (VNIIKS) attached to the USSR Ministry for (Domestic) Trade.[6] According to its investigations, the general availability of basic foodstuffs (in both volume and kind) fell from 90 percent of demand in 1983 to 22 percent in 1989 and to 11 percent in the middle of 1990.[7] Of 1,200 basic consumer goods investigated, 96–97 percent were found to be in "total shortage," i.e., were essentially never available for sale.[8] Casual observations by the author in autumn 1990 found that virtually no products were generally available.

Shortages have prompted rationing. The deputy chairman of the government's Reform Commission, Andrey Orlov, complained: "In practice, strict rationing of purchases has been generally introduced."[9] A common form of rationing is sales through special channels, notably at places of work. The spreading of rationing tends to bring rising transaction costs and less efficient distribution.

Hoarding is another characteristic reflection of shortages. In particular, when shortages grow worse, the stocks of inputs soar, while the stocks of finished consumer goods plummet. In the Soviet case, the ratio of stocks of inputs to stocks of finished goods has risen sharply, from 4.7 in 1985 (which was already very high by the standards of a market economy) to 6.2 in 1989. The relationship between stocks of finished goods and retail trade turnover also indicates the degree of shortage. Since 1985, the stocks of consumer goods have fallen sharply, by about 10 days of retail sales a year (see Table 1).

Some data on queuing are available, although they might not be all that relevant, because if nothing is to be found, shortages will cause less welfare but not necessarily more queuing. Even so, it is obvious from casual observation and abundant anecdotal evidence that the amount of queuing has been increasing. It has been assessed at 30–40 billion man-hours a year.[10]

"Free" exchange rates also indicate the degree of shortage. For a long time, a standard black-market exchange rate of five rubles to the dollar prevailed, but in 1990, rates of 20–30 rubles to the dollar have been normal. To be sure, this rate varies greatly geographically and over time with local demand and supply. Moreover, the supply of goods sold for hard currency has changed, and both the demand for and the supply of hard currency have increased with the liberalization of travel rules. For these and many other reasons, the black-market exchange rate is a poor measuring rod. Still, it says a lot that this indicator has risen 4–6 times in about two years.

The devaluation of the ruble has also been tracked more "officially" at the Moscow currency auctions that started in November 1989. However, these auctions are only open to certain enterprises, and hence the price of hard currency is indirectly restricted by administrative fiat and would hardly be allowed to rise too high. It is, therefore, a small and distorted market. Yet, even the auction rate for dollars has more than doubled in a year (see Table 2).

Unfortunately, Soviet price statistics are so poorly developed that they are of little use. Yet, according to official data, prices at the private (kolkhoz) markets in urban areas, which rose by less than 1 percent a year from 1985 to 1988, grew by 9.5 percent in 1989, and by no less than 29 percent in 1990.[11] Evidently, this price rise is an expression of growing inflationary pressures and an indication of palpable repressed inflation else-

[5]János Kornai, *Economics of Shortage*, 2 vols., Amsterdam, Elsevier, 1981.

[6]Unfortunately, its findings are published haphazardly.

[7]Shatalin Program, p. 205.

[8]Andrey V. Orlov in *Pravitel'stvennyy Vestnik* (Moscow), No. 47, November 1990.

[9]Ibid.

[10]Ibid.

(Fn. 11 is on p. 20)



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**Table 2: Ruble/Dollar Exchange Prices at Moscow Currency Auctions**

| Date | Ruble/US$ |
|---|---|
| November 3, 1989 | 9.5 |
| January 17, 1990 | 10.6 |
| February 21, 1990 | 12.6 |
| April 5, 1990 | 14.1 |
| May 10, 1990 | 16.4 |
| June 22, 1990 | 21.0 |
| July 19, 1990 | 24.3 |
| August 31, 1990 | 23.2 |
| October 9, 1990 | 22.6 |
| October 25, 1990 | 20.9 |
| November 15, 1990 | 20.9 |

SOURCE: *Ekonomika i Zhizn'* (Moscow), various issues.

where in the economy. Striking price differentials have arisen. For instance, in October-November 1990, the price of good beef or pork had risen to 25–30 rubles a kilogram at the free markets in Moscow and Leningrad, while the state price remained 2 rubles; yet, the market prices in part of the country stayed at 5 rubles a kilogram for beef.[12]

Officially, open inflation reached only 2 percent in 1989. A variety of alternative assessments exist: James Noren of the US Central Intelligence Agency estimates actual inflation at 6 percent in 1989; PlanEcon estimates it at 7.5 percent; and private estimates by senior Soviet reform economists tend to fall in the range of 8–10 percent. For 1990, Soviet estimates of actual inflation rose officially to 5.3 percent, but PlanEcon suggests 11 percent in the third quarter of 1990, and *Izvestiya* maintained that inflation in 1990 was likely to be at least 18 percent.[13]

## Growing Monetary Imbalances

Nikolay Petrakov, Gorbachev's personal economic adviser for a period in 1990, has repeatedly made the point that in the Soviet economy, "the least scarce resource is money."[14] And, in its draft reform program of September 1990, the Soviet government perceptively linked the shortages to this imbalance:

*The crisis in the sphere of material production is aggravated by the disorder in state finances and money circulation, the growing imbalance between money and commodities, and increasing inflationary processes. The "flight" from money, the insatiable demand, the total shortage of commodities, the strict rationing of purchases in many regions against the background of a high growth rate in trade turnover —all this testifies that the existing system of distribution is close to complete collapse.*[15]

The Soviet economy displays all the characteristic features of an unbalanced economy verging on barter, as was witnessed in the West German economy before the currency reform in June 1948, or in the Polish economy in 1979–82, particularly in the winter of 1981–82.[16] As in those two cases, so in the USSR today the money supply has grown much faster than planned, while it has been politically impossible to raise state prices to keep pace. Too much money has been chasing too few commodities. As a result, money is losing all value, and people are becoming ever more disinterested in working for money. For their efforts, they demand either hard currency or commodities.

This may be described as an extension of Gresham's law of good money driving out bad money—in this case, commodities are driving out rubles.[17] The prob-

[11] *Narkhoz 1989*, p. 138; and *Ekonomika i Zhizn'* (Moscow), No. 5, January 1991, p. 10. For a devastating critique of the reliability of Soviet statistics on kolkhoz markets, see Stephen Shenfield, "State Statistical Work in the USSR: Findings from Interviews with Former Soviet Statistical Personnel," *Soviet Interview Project*, Working Paper No. 23, University of Illinois, Champaign-Urbana, June 1986.

[12] *Izvestiya* (Moscow), Oct. 31, 1990; and personal observations in Moscow in October 1990 and Leningrad in November 1990. (I have disregarded the price of pork in Muslim areas). A typical example of how the market does not clear is that pork could be bought at 5 rubles a kilogram in a village 100 kilometers from Leningrad in November 1990, while the market price in Leningrad was 25–30 rubles a kilogram.

[13] *PlanEcon Report* (Washington, DC), Nov. 23, 1990, p. 8; International Monetary Fund, International Bank for Reconstruction and Development, Organization for Economic Cooperation and Development, and European Bank for Reconstruction and Development, *The Economy of the USSR* (hereafter, IMF-IBRD-OECD-EBRD Report), Washington, DC, Dec. 19, 1990, p. 50; *Ekonomika i Zhizn'*, No. 5, January 1991, p. 10; Noren, loc. cit., p. 16; and *Izvestiya*, Oct. 27 and Nov. 4, 1990.

My personal inclination would be to add a percentage point or so to PlanEcon's sensible but somewhat conservative assessments.

[14] Nikolay Petrakov, "Firming the Circulation of Money and the Acceleration Strategy," *Voprosy Ekonomiki* (Moscow), No. 8, 1987, pp. 3–4; and *Izvestiya*, Nov. 21, 1990.

[15] *Pravitel'stvennaya programma formirovaniya struktury i mekhanizma reguliruyemoy rynochnoy ekonomiki, Proyekt* (Draft Government Program for Forming the Structure and Mechanism of a Regulated Market Economy—hereafter cited as Draft Government Program), Moscow, September 1990, p. 5.

[16] See Ardo H. Hansson, "The 1948 West German Economic Reforms: A Model for Eastern Europe?" University of British Columbia, Department of Economics, Discussion Paper No. 90–05, March 1990; Wiktor Herer, et al., *U źródeł polskiego kryzysu* (The Sources of the Polish Crisis), Warsaw, PWN, 1985; and David Lipton and Jeffrey Sachs, "Creating a Market in Eastern Europe: The Case of Poland," *Brookings Papers on Economic Activity* (Washington, DC), No. 1, 1990, pp. 75–147.

[17] William D. Nordhaus has put this slightly differently in "Soviet Economic Reform: The Longest Road," *Brookings Papers on Economic Activity*, No. 1, 1990, p. 305.



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**Table 3: Money and Credit in the Soviet Economy, 1981–90**

**(growth during given year, in percent)**

| Year | 1981–85 (average annual) | 1986 | 1987 | 1988 | 1989 | 1990[1] |
|---|---|---|---|---|---|---|
| Currency | 6.0 | 6.1 | 7.8 | 13.6 | 19.5 | 21.5 |
| M2[2] | 7.5 | 8.5 | 14.7 | 14.1 | 14.8 | 15.3 |
| of which: | | | | | | |
| Households | 7.2 | 9.4 | 9.8 | 11.3 | 15.0 | 13.5 |
| Enterprises | 8.7 | 5.5 | 32.6 | 22.5 | 14.5 | 20.0 |
| Total credit | 8.7 | 4.2 | 6.6 | 11.3 | 11.2 | 10.9 |

[1]Estimated.
[2]M2 = cash + demand deposits.

SOURCE: International Monetary Fund, International Bank for Reconstruction and Development, Organization for Economic Cooperation and Development, and European Bank for Reconstruction and Development, *The Economy of the USSR* (hereafter, IMF-IBRD-OECD-EBRD Report), Washington, DC, December 19, 1990, p. 49.

lem is that the best available stores of value—commodities—cannot function particularly well as stores, units of account, or means of transaction. As a result, transaction costs are growing exorbitantly, and many transactions are becoming too expensive to be carried out.

A recent international inter-agency study of the Soviet economy has revealed significant new information regarding the money supply in the Soviet economy (see Table 3). A first observation is that the emission of currency, which is a dominant topic in the Soviet debate, increased less than did M2 (cash plus demand deposits) for enterprises until 1988. Indeed, the first shock to the money supply occurred in 1987, when M2 for enterprises was boosted by almost one-third . (As we shall see below, this was a result of the rapidly growing budget deficit). The first big jump in the emission of currency per se occurred only in 1988, primarily as a result of excessive wage rises unleashed by the introduction of the Law on State Enterprises.

Since 1988, all forms of the money supply have accelerated faster than planned. The plan for 1990 stated that the "emission of monetary means" should be limited to 10 billion rubles, but the real figure seems to have ended up almost three times as large (approximately 28 billion rubles).[18] Credits have regularly grown less rapidly than the money supply. In addition, the credits have increasingly gone to the government treasury, while their flow to the enterprise sector has diminished even in nominal terms, and consumer credits barely exist in the USSR.

There are many reasons why the money supply went out of control. A general cause was that money was becoming active (whereas it had traditionally been a passive instrument for the recording of plan fulfillment). Also, the State Bank lacks authority to control currency emission; it is compelled to issue the money as ordered by the State Planning Committee (Gosplan) and the Presidium of the USSR Council of Ministers.

The most obvious cause for the expansion of the money supply, however, is that monetary incomes have surged beyond control. Data recently published or otherwise made available to the author make it possible to provide a basic picture of monetary incomes and expenditures of the population (see Tables 4 and 5). As Table 4 indicates, the year 1988 represented an important turning point, as monetary incomes of the population rose by 30 billion rubles, compared to the previous rate of about 10 billion rubles a year. Increased wages did not reflect either collective pressure by workers or increased productivity. Rather, they reflected the decision of managers—taking advantage of new flexibility afforded by the Law on State Enterprises, which went into effect in 1988—to raise wages regardless of productivity in order to cope with an overheated labor market. The cost-push inflation caused by rising wages is a major element in the current crisis.[19] (The data in Table 4 highlight the tendency of official Soviet statistics to understate wage increases, presumably in an attempt to keep wage demands at bay. The table indicates average wages and salaries grew by 14 percent in 1989, whereas the official statistical yearbook suggested a growth of only 9.6 percent.)[20]

Since 1985, social benefits have grown even faster than wages, although they remain small by internation-

[18]*Pravda* (Moscow), Sept. 26, 1990; and *Moscow News*, No. 48, 1990, p. 10.

[19]Gur Ofer, "Budget Deficit, Market Disequilibrium and Soviet Economic Reforms," *Soviet Economy*, April-June 1989, p. 141.

[20]*Narkhoz 1989*, p. 76. The labor force shrank by about 1 percent (*Pravda*, Jan. 28, 1990).



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**Table 4: Monetary Income of the Soviet Population, 1985–90**

**(billions of nominal rubles)[1]**

| Year | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| Total income | 419.7 | 434.8 | 451.6 | 493.5 | 558.0 | 652 |
| Remuneration[2] | 330.1 | 339.5 | 351.1 | 381.1 | 430.3 | 486 |
| Social benefits[3] | 89.6 | 95.3 | 100.5 | 112.5 | 127.7 | 166 |
| **(annual increase, percent)** | | | | | | |
| Total income | 3.6 | 3.6 | 3.9 | 9.2 | 13.1 | 16.9 |
| Remuneration | 3.2 | 2.8 | 3.4 | 8.5 | 12.9 | 13.5 |
| Social benefits | 5.2 | 6.4 | 5.5 | 11.9 | 13.5 | 20.0 |

[1]Because of rounding, total income sometimes differs from the sum of remuneration and social benefits.
[2]Includes salaries and wages from the state and cooperative sectors as well as private sales of agricultural produce to the state and cooperative sector.
[3]Primarily pensions, but also other large flows.

SOURCE: Goskomstat SSSR materials elaborated in Gennadiy Zoteyev, "Soviet Consumption of Commodities and Services," forthcoming Working Paper, Stockholm Institute of Soviet and East European Economics; *Narkhoz 1989*, p. 76; *Ekonomika i Zhizn'*, No. 5, January 1991, p. 10; author's own calculations.

**Table 5: Monetary Expenditures and Savings of the Soviet Population, 1985–90**

**(billions of nominal rubles)**

| Year | 1985 | 1986 | 1987 | 1988 | 1989 | 1990[1] |
|---|---|---|---|---|---|---|
| Total purchases[2] | 347.3 | 356.9 | 367.8 | 394.4 | 431.7 | 493 |
| Direct taxes and social fees | 48.0 | 49.9 | 51.7 | 57.3 | 64.5 | 71 |
| Savings[3] | 24.3 | 28.0 | 32.0 | 41.9 | 61.8 | 75 |
| of which: | | | | | | |
| Bank deposits[4] | 20.1 | 23.9 | 26.1 | 32.7 | 45.2 | 53 |
| Residue[5] | 4.2 | 4.1 | 5.9 | 9.2 | 16.1 | 22 |
| **(expenditures and savings as percent shares of total monetary incomes)[6]** | | | | | | |
| Total purchases | 82.7 | 82.1 | 81.4 | 79.9 | 77.4 | 77.1 |
| Direct taxes and social fees | 11.4 | 11.5 | 11.4 | 11.6 | 11.6 | 11.2 |
| Savings | 5.8 | 6.4 | 7.1 | 8.5 | 11.1 | 11.7 |

[1]Estimated.
[2]Purchases of commodities and services from the state and cooperative sectors.
[3]Calculated as a residue: total monetary income minus purchases, direct taxes, and social fees.
[4]Includes also state sales of bonds and securities.
[5]Excess of monetary incomes over expenditures and savings, which should equal increases in the holding of cash and almost does so (cf. Table 6).
[6]Because of rounding, figures do not always add up to 100 percent.

SOURCES: *Narkhoz 1989*, p. 76; Zoteyev, "Soviet Consumption of Commodities and Services"; author's own calculations.

al standards, amounting to little more than one-fourth of gross remuneration in 1985. Until very recently, the figures for total benefits reflected a growth in the number of claimants rather than any kind of indexation. In 1990, however, a break occurred in this trend, as social benefits suddenly increased by over 21 percent. This was because of the more or less populist decision by the Congress of People's Deputies and Supreme Soviet elected in 1989 to augment a variety of social expenditures, notably pensions, beginning in 1990. As a result, the expansion of social transfers took on a life of its own as a source of excess money.

At present, these social expenditures seem more difficult to control than wages. Increases in wages appear to have been impeded by the introduction of a progressive tax of up to 75 percent for wage bill increases of 7 percent a year or more. This measure, reported in *Pravda* on August 11, 1989, went into effect on October 1, 1989. Discounted by many observers, this law, introduced by Deputy Prime Minister Leonid Abalkin, actu-



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ally seems to have been one of the few effective financial measures adopted in the last three years.

Shortages imply that people receive more money than they can spend. Table 5 confirms the conventional wisdom that the supply of goods and services has not kept up with the increasing monetary incomes of the population. As a result, the savings rate of households has risen from 5.8 percent of their gross incomes in 1985 to almost 12 percent in 1990. There is little doubt that even in 1985, the rate was involuntarily high. In years of relative balance, this figure has hovered between 4 and 5 percent of gross monetary incomes.[21] Since imbalance has been the rule, there is always some involuntary saving. We may therefore choose the lower figure—4 percent—as the voluntary savings rate. The difference, or about 8 percent of the total monetary incomes of the population in 1990, represents current excess demand. Were it possible to freeze accumulated liquid assets, an increase of slightly more than 10 percent in the general price level would suffice to clear the markets.

The tendency of the population to keep more and more of their involuntary savings in cash aggravates the problem of "hot money," i.e., excess demand. In the summer of 1990, total bank deposits actually declined, although the maximum interest rate for savings had been raised to 4 percent at the beginning of the year.[22]

The supply of currency is further bloated by a certain overflow from the enterprise sector. If the statistics are accurate, this would be the difference between the increase in the growth in the supply of cash and the excess of the population's monetary incomes over expenditures and savings. As shown in Table 6, this flow was virtually nonexistent until 1988. However, the reforms offered enterprises previously unknown liberties, and since 1988, the leakage of enterprise funds has added a couple of percentage points to the volume of currency each year.[23]

Enterprise funds of "account money" comprised 114.4 billion rubles at the end of 1989.[24] Since these funds in bank accounts are not accompanied by any allocation orders, they cannot be used for ordinary purchases by enterprises,[25] and may be considered hot

**Table 6: Increase in Currency in the USSR, 1985–90**

**(billion of nominal rubles)**

| Year | Annual increase | Overflow from enterprise accounts[1] |
|---|---|---|
| 1985 | 4.1 | -0.1 |
| 1986 | 3.9 | -0.2 |
| 1987 | 5.9 | 0.0 |
| 1988 | 11.8 | 2.6 |
| 1989 | 18.4 | 1.8 |
| 1990 | 28.0[2] | 3.0[2] |

[1]The overflow from enterprise accounts is a highly tentative calculation. It is derived as the difference between the increase in cash and the assessed excess of monetary incomes over expenditures and savings (cf. Table 5).
[2]Estimates (not correlated to each other).

SOURCE: Zoteyev, "Soviet Consumption of Commodities and Services"; Table 5 of the present article; author's own calculations.

surplus money of little value for enterprises. (Funds held by the enterprises say little about their purchasing power, because enterprises enjoy soft budget constraints and are usually able to extract supplementary non-cash funds when they have found something to buy.) State enterprises have been setting up their own cooperative organizations for the purpose of converting "account money" to cash.[26] Indeed, by autumn 1990, there was a firmly established (albeit illegal) market exchange rate between enterprise account money and cash, amounting to 0.30 rubles in cash for one account ruble.[27]

On the basis of the quantity theory of money, we can calculate the "ruble overhang" (excess money in the hands of the populace) from the share of liquid assets in total household income. If we assume that the share has remained constant since the 1970's, when the ruble overhang was slight, we arrive at a current figure of some 250 billion rubles.[28] William Nordhaus concluded that at the end of 1989, a 50 percent increase in the general price level would be required to eliminate this overhang.[29]

Direct taxes and social dues have risen at almost exactly the same rate as monetary incomes, comprising a neutral element (see Table 5). They have neither alleviated nor aggravated monetary imbalances on the consumer market.

It has been widely argued that the radical cut, by half,

[21]See Gennadiy Zoteyev, "Soviet Consumption of Commodities and Services," forthcoming Working Paper, Stockholm Institution of Soviet and East European Economics. Note that Zoteyev is looking at "gross monetary income," not "disposable income."
[22]Deputy Chairman of Gosbank Arnol'd Voylukov in *Izvestiya*, Dec. 5, 1990.
[23]This point has been made by Gregory Grossman in "The Problem of Monetary Reform," a paper presented at the Second RAND-Hoover Symposium on "The Defense Sector in the Soviet Economy," Santa Monica, CA, Mar. 29–30, 1990, and by Ofer, loc. cit., p. 120.
[24]*Narkhoz 1989*, p. 626.
[25]Voylukov, loc. cit.
[26]*Pravitel'stvennyy Vestnik*, No. 47, November 1990, p. 5. Previously, the flows of enterprise account money and of cash were strictly separated.
[27]Personal communication from a senior Soviet financial official in September 1990.
[28]IMF-IBRD-OECD-EBRD Report, p. 9.
[29]Nordhaus, loc. cit., pp. 302–03.



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in sales of alcoholic beverages from 1984 to 1986 contributed substantially to the decline in consumer purchases vis-à-vis consumer incomes.[30] Indeed, the decline in 1986 alone amounted to 10.2 billion rubles, that is, 2.3 percent of total monetary incomes of the population,[31] and the drop in 1985 should have been of a similar magnitude. As Table 5 shows, this is three times as great as the relative decline in total purchases registered in the years 1985–87. The whole deterioration in the market balance in the early *perestroyka* period can thus be more than accounted for by this "vodka effect."

## Aggravated Fiscal Imbalances

These observations regarding monetary incomes and expenditures must be complemented with an analysis of the state budget. The Soviet government long denied the very existence of a budget deficit, although it had been documented in print by Igor Birman as early as 1981.[32] Finally, in October 1988, Soviet Minister of Finance Boris Gostev admitted the existence of a huge deficit in the budget for 1989.[33] A combination of Soviet data and Western analysis now allows us to track the development of a state budget deficit in the USSR that by 1990 amounted to an estimated 100 billion rubles, or more than 10 percent of gross national product (see Table 7). For two decades until 1986, the Soviet budget deficit hovered at 2–3 percent of GNP.[34] In 1986, it suddenly rose to 6 percent, and in 1988, the deficit reached 10 percent of GNP, where it has since remained.

The responsibility for this abandonment of traditional fiscal conservatism rests firmly on Gorbachev. The crucial years of financial folly were 1985–86, as the new leadership drafted (and redrafted) the 12th Five-Year Plan (for 1986–90). Gorbachev sent the plan back three times, each time in order to have it set higher targets for growth and investment, in line with Academician Abel Aganbegyan's slogan of "acceleration." Such revisions were bound to increase fiscal imbalances.

The General Secretary accepts responsibility for "serious errors" leading to the unfavorable situation in the financial system. But, he alleges, it was because

**Table 7: USSR State Budget Deficit, 1980–90**

| Year | Billions nominal rubles | Percent of GNP |
|---|---|---|
| 1980 | 17.9[1] | 2.9[1] |
| 1981 | 15.1[1] | 2.3[1] |
| 1982 | 21.3[1] | 3.1[1] |
| 1983 | 15.9[1] | 2.2[1] |
| 1984 | 14.9[1] | 2.0[1] |
| 1985 | 18.0 | 2.3[1] |
| 1986 | 47.9 | 6.0 |
| 1987 | 57.1 | 6.9 |
| 1988 | 90.1 | 10.3 |
| 1989 | 91.8 | 9.9 |
| 1990 | 100.0[2] | 10.5[2] |

[1]PlanEcon estimates.
[2]Author's estimates.

SOURCES: *PlanEcon Report* (Washington, DC), Nov. 4, 1988, p.10; *Narkhoz 1989*, pp. 11, 612. These numbers are basically official Soviet data. A variety of alternative statistics exist, but the differences are mostly small; see, e.g., IMF-IBRD-OECD-EBRD Report, p. 14.

Yuriy Andropov, during his time as general secretary (in 1982–84), "did not allow us [Nikolay Ryzhkov, Vladimir Dolgikh, and Gorbachev] to approach the budget and data on military expenditures."[35] If true, this statement suggests both how restricted information on the budget was and how ignorant Gorbachev and Ryzhkov were when they took over the helm.

It is also possible that the new politicians, with their predominantly military-industrial background, neither understood nor cared about something as subtle as a budget deficit, even if they were told. (Obviously, the leadership of the Ministry of Finance knew the real situation, and since 1986, a former deputy minister of finance, Stepan Sitaryan, has been first deputy chairman of Gosplan.) To judge from the statistics, the authorities finally confronted the budgetary crisis in 1986, as state expenditures have barely risen since then. In traditional manner, however, the leaders preferred to keep quiet about their great problem for two more years.

The data on the state budget imply that the enterprise sector was afloat in account money from 1986 on and that this money hardly reached the consumer sector before 1988, when the overflow from the enterprise accounts to the consumer cash market took off. It means that the enterprise sector was brought out of balance and disorganized already by the Five-Year Plan in 1986 and that the situation was only further aggravated by the Law on State Enterprises. These findings are consonant with our observations on money supply (Table 3). The ensuing imbalance between demand and sup-

[30]See Jan Vanous, "The Dark Side of 'Glasnost:' Unbelievable National Income Statistics in the Gorbachev Era," *PlanEcon Report*, Feb. 13, 1987; and Nikolay Shmelev, "Advances and Debts," *Novyy Mir* (Moscow), No. 6, 1987, pp. 142–58.

[31]*Narodnoye khozyaystvo USSR v 1988 godu* (The National Economy of the USSR in 1988), Moscow, Finansy i statistika, 1989, p. 111.

[32]See Igor Birman, *Secret Incomes of the Soviet State Budget*, The Hague, Martinus Nijhoff, 1981.

[33]*Izvestiya*, Oct. 28, 1988.

[34]Ofer, loc. cit., p. 120.

[35]*Pravda*, Dec. 10, 1990.



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**Table 8: USSR State Budget Expenditures, 1985–90**

**(billion of nominal rubles)**

| Year | 1985 | 1986 | 1987 | 1988 | 1989 | 1990[1] |
|---|---|---|---|---|---|---|
| Gross national product | 777.0 | 798.5 | 825.0 | 875.4 | 924.1 | 950 |
| Total state expenditures | 386.5 | 417.1 | 430.9 | 459.5 | 482.6 | 488.2 |
| Investment | 70.0 | 80.0 | 80.0 | 69.2 | 64.2 | 40.5 |
| Consumer subsidies | 58.0 | 65.6 | 69.8 | 89.8 | 100.7 | 110.5 |
| Food subsidies | 56.0 | 58.0 | 64.9 | 66.0 | 87.7 | 95.7 |
| Social insurance and health care | 83.6 | 89.3 | 94.5 | 102.5 | 105.5 | 117.2 |
| **(state expenditures as percent of GNP)** | | | | | | |
| Gross national product | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Total state expenditures | 49.7 | 52.2 | 52.5 | 52.5 | 52.2 | 51.4 |
| Investment | 9.0 | 10.0 | 9.7 | 7.9 | 6.9 | 4.3 |
| Consumer subsidies | 7.5 | 8.2 | 8.5 | 10.3 | 10.9 | 11.6 |
| Social insurance and health care | 10.7 | 11.2 | 11.5 | 11.7 | 11.4 | 12.3 |

[1]Estimated.

SOURCES: *Narkhoz 1989*, pp. 11, 612; Gur Ofer, "Budget Deficit, Market Disequilibrium and Soviet Economic Reforms," *Soviet Economy* (Silver Spring, MD), No. 2, 1989, pp. 154–55; Zoteyev, "Soviet Consumption of Commodities and Services"; author's own calculations.

ply could also explain the extraordinarily poor performance of the investment sector. The amount of incomplete investment remained equally high from 1985 until 1987 in spite of massive new investments, and from 1987 to 1989, incomplete investment rose from 79 percent of total investment to 91 percent.[36]

The main point about state expenditures (see Table 8) is that their share of GNP has been controlled surprisingly well since 1986.[37] Investment financed through the state budget rose sharply in 1986, as intended in the Five-Year Plan, but it leveled off the next year and was halved by 1990. Defense expenditures presumably expanded rapidly until 1989.

Budget assignments to social insurance and health care have risen only slightly faster than state expenditures as a whole. Consumer subsidies, however, have risen steadily, increasing their share of GNP by 3.4 percentage points (43 billion current rubles) from 1985 to 1989, rendering them the fastest-growing hole in the state budget. By contrast, 9.2 billion rubles in cumulative expenditures for Chernobyl' damages or 13 billion rubles in immediate repairs for the earthquake in Armenia are relatively minor.[38] The anti-alcohol campaign, too, was a much greater economic disaster.

The foremost observation about state revenues (see Table 9) is the difficulty that the government has had in increasing them. From 1985 to 1988, government revenues as a share of GNP fell by 4.7 percentage points, although they grew slightly in absolute terms. In this regard, we can distinguish two different periods, the years 1985–87 and those from 1988 on.

The two major factors affecting state revenues in 1985–87 were falling alcohol revenues and falling revenues from oil exports. Much has been made of the decline in turnover tax because of cuts in alcohol sales and decreases in imports of consumer goods. The 1.2 percentage point drop in turnover taxes as a share of government revenue from 1985 to 1986 is almost entirely attributable to an 8.2-billion-ruble decline in alcohol sales in 1986 and a comparable decline from 1986 to 1987 (measured in retail prices).[39] The foreign trade tax share in revenues fell by as much as 1 percentage point in 1986, primarily as an effect of the lower price of oil exports.[40] (This appears to be the biggest exogenous effect on the Soviet economy.)

After 1987, constraints on state revenues seem basically related to the effects of *perestroyka*. Ronald McKinnon has observed: "[A]s in other liberalizing so-

[36]*Narkhoz 1989*, p. 547.

[37]In Tables 8 and 9, I have only selected the indicators that I consider most important for this analysis. Soviet budget statistics are a maze. In order to avoid making new mistakes, I have used official Soviet statistics, although they understate the budget deficit somewhat. We lack a full series for Soviet defense expenditure. Also, the plan figures for 1990 are likely to be rather far from the outcome; so they will be generally disregarded in this analysis.

[38]Noren, loc. cit., pp. 21–22.

[39]Ofer, loc. cit., p. 154; and Yegor Gaydar, "With the Best of Intentions," *Pravda*, July 24, 1990.

[40]This tax is levied on the difference between the world market price recalculated in rubles and the domestic price. If the world market price goes up, this difference grows and state revenues increase.



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**Table 9: USSR State Budget Revenues, 1985–90**

**(billions of nominal rubles)**

| Year | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| Gross national product | 777.0 | 798.5 | 825.0 | 875.4 | 924.1 | 950.0[1] |
| Total state revenues[2] | 372.6 | 371.6 | 378.4 | 378.9 | 401.9 | 428.2 |
| Enterprise taxes | 119.5 | 129.8 | 127.4 | 119.6 | 115.5 | 122.6 |
| Turnover tax | 97.7 | 91.5 | 94.4 | 101.0 | 111.1 | 121.9 |
| Foreign trade tax | 71.1 | 64.4 | 69.3 | 62.6 | 67.2 | 58.0 |

**(state revenues as percent of GNP)**

| | | | | | | |
|---|---|---|---|---|---|---|
| Gross national product | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Total state revenues | 48.0 | 46.5 | 45.8 | 43.3 | 43.5 | 45.1 |
| Enterprise taxes | 15.4 | 16.2 | 15.4 | 13.7 | 12.5 | 12.9 |
| Turnover tax | 12.6 | 11.4 | 11.4 | 11.5 | 12.0 | 12.8 |
| Foreign trade tax | 9.1 | 8.1 | 8.4 | 7.2 | 7.3 | 6.1 |

[1]Estimated.
[2]The revenues as given here are inflated, as they include some loans, rising gradually to 11 billion rubles in 1989 (see Ofer, loc.cit.).

SOURCE: *Narkhoz 1989*, pp. 11, 612; Ofer, loc. cit., pp. 154–55; Zoteyev, "Soviet Consumption of Commodities and Services"; author's own calculations.

cialist economies of Eastern Europe and Asia, the Soviet government's ability to collect tax revenue has greatly diminished as a result of the liberalization itself."[41] The state budgets of socialist countries tend to be large in relation to GNP. Their traditional sources of revenues have mainly been enterprise taxes, turnover taxes, and foreign trade taxes. With a reform, at least revenues from enterprise taxes and foreign trade are bound to decline, as it takes several years to organize a tax system geared to the emerging market relations.

As self-financing was introduced in the Soviet Union, fixed tax rates were imposed on enterprise profits, allowing enterprises to keep the remainder, which had previously been confiscated by the state at the end of each year. Any offer to enterprises to keep part of the profits would probably lower state revenues. Enterprise taxes as a share of GNP fell by almost 3 percent from 1987 to 1989, as taxes as a share of the profits of, for instance, industrial enterprises fell from 58 percent in 1985 to 45 percent in 1989.[42] This share is bound to fall further, to an estimated 37 percent, as a result of levying new profit taxes of basically 45 percent (with various exemptions) beginning in 1991.[43] Similarly, the decline in foreign trade taxes since 1988, presumably connected with the liberalization of foreign trade, reduced state revenues by 1.3 percent of GNP from 1987 to 1989.

The corollary is that if a reform is to be pursued, the government must be prepared to cut expenditures sharply. In standard International Monetary Fund manner, the obvious target would be consumer subsidies, notably food subsidies, which are prone to rise with inflation (which is also intensified by the reforms).

The budget deficit might not appear very large by some Western standards—nor is the accumulated debt. The domestic state debt rose from 18.2 percent of GNP at the end of 1985 to 42.8 percent of GNP at the end of 1989.[44] The problem is that it is presumably financed out of highly liquid assets—bank accounts and enterprise accounts.[45]

In sum, during the first three years of *perestroyka*, we have detected two major causes of monetary and financial imbalances. The anti-alcohol campaign alone was a sufficient cause of aggravated imbalances on consumer markets in this period. On top of that, the Gorbachev regime drove the state budget out of balance by raising investment and defense expenditures, while disregarding the fall of revenues from alcohol sales. On the whole, imbalances were manageable in this period.

In the second stage of *perestroyka,* from 1988, the Soviet economy entered a truly severe crisis. The out-

[41]Ronald I. McKinnon, "Stabilizing the Ruble," *Communist Economies* (London), No. 2, 1990 p. 133.
[42]*Narkhoz 1989*, p. 620.
[43]*Ekonomika i Zhizn'*, No. 30, July 1990.
[44]*Narkhoz 1989*, p. 614.
[45]In 1989, the population's bank deposits totaled 337.8 billion rubles, and they held 20 billion in state bonds and certificates. Ibid. p. 92. On July 1, 1990 total monetary assets of the population comprised 513.9 billion rubles, of which 354.1 billion rubles consisted of bank deposits; 111.4 billion rubles, cash; 24.5 billion rubles, life insurances; and 23.5 billion rubles, state bonds and certificates. See *Ekonomika i Zhizn'*, No. 30, July 1990, supplement, p. 6.



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standing cause of imbalances has been the reform embodied in the Law on State Enterprises. First of all, it made it possible for state enterprises to compete for scarce labor through excessive wage hikes, without allowing corresponding price increases. Second, social benefits rose even faster than wages, initially in response to growing needs and eventually because of political populism. Third, the government perpetuated the inflationary budget deficit by limiting enterprise taxes, without cutting expenditures. The worst scar on the expenditure side was the rising consumer subsidies. Fourth, an overflow of money from enterprise accounts worsened the imbalance on consumer markets and the growth of the money supply. By 1991, the Soviet economy suffered from such large imbalances that the situation no longer seemed reparable and approached complete breakdown.

## Administrative Stalemate

The imbalances in the economy have become all the more important because of the deterioration of the state administration. The Law on State Enterprises and ensuing regulations restricted the rights of ministerial officials to intervene in the work of enterprises, and party officials suffered a similar reduction in powers with respect to the economy.

The restriction of ministerial powers was accompanied by an extraordinary cut in personnel. The staff of the ministries was reduced by no less than 46 percent, from 1.6 million in 1986 to 871,000 in 1989.[46] Even if ministerial officials tried to persevere in their old methods of control, there were too few of them to go around; and the demands on them too great.

Administrative stalemate was aggravated by *glasnost'* and democratization, which contributed to a rise of national dissension and separatism. Nikolay Petrakov blames the crisis squarely on the collapse of the Soviet currency and the extension of barter relations, adding: "This absurdity breeds an even greater absurdity—economic separatism, republican currencies, Ukrainian coupons, and Moscow identification cards, etc."[47] By the end of 1990, all 15 union republics, a score of autonomous territories, and even parts of some large cities had declared themselves independent or sovereign, and were pursuing policies of economic autarky.[48] As Petrakov put it, "The command-administrative system has not been destroyed, but been fragmented and given a second life at the regional level."[49]

## Calamities in Foreign Trade

Soviet foreign trade performance has been miserable under *perestroyka*. Throughout this period (with the minor exception of 1987), Soviet foreign trade with the West has been characterized by massive deficits (see Table 10).[50] As a result, Soviet gross debt to the OECD area doubled from US$25.6 billion at the end of 1984 to $50.6 billion at the end of 1989. To this must be added considerable debts outside the OECD area not monitored by the Bank for International Settlements in Basel. According to a variety of both official and unofficial Soviet sources, the total Soviet foreign debt in hard currency amounted to 36 billion currency rubles (some $60 billion) at the end of 1989.[51]

Essentially, variations in the value of Soviet exports have reflected variations in the amount of oil available for export and shifts in world market oil prices. The cause of the deficit in 1985 was a decline in Soviet oil production, which was reflected in a reduction in Soviet exports to the West. In 1986, the value of Soviet exports to the West plummeted even more sharply because of falling world market prices of oil. The result was a decline of 39 percent in Soviet exports to the West from 1984 to 1986. After that, Soviet exports have recovered only slightly at current prices, in an environment of somewhat better prices but declining volumes of exports. The USSR looks pretty helpless with regard to its exports, and *perestroyka* has made no positive contribution. In 1989, Soviet exports to the West had only reached 77 percent of their level in 1984, as measured in currency rubles.

By contrast, the Soviet government pursued a vigorous imports policy. Initially, it responded to the shortfall in oil export revenues by cutting imports from the West, with a one-year lag; such imports fell by 28 percent from 1985 to 1987. This was what financial prudence called for, since hard-currency imports could not be efficiently deployed in the old system anyway. However,

[46] *Narkhoz 1989*, p. 50.
[47] *Izvestiya*, Nov. 21, 1990.
[48] Ann Sheehy, "Fact Sheet on Declarations of Sovereignty," Radio Liberty, *Report on the USSR* (Munich), Nov. 9, 1990, pp. 23–25.
[49] *Izvestiya*, Nov. 21, 1990.
[50] I focus on foreign trade with the West, i.e., the OECD area, since it is the most competitive and flexible part of Soviet foreign trade carried out in hard currency and at freely negotiated prices. Some of the trade with the Third World is also pursued in this manner, but it is difficult to establish how much, and it is convenient to be able to use the Soviet aggregate statistics for the West (even though these are not considered particularly accurate).
[51] See, e.g., Deputy Prime Minister Stepan Sitaryan in *International Herald Tribune* (Paris), July 30, 1990.



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**Table 10: Soviet Trade with the West (OECD Countries), 1984–90**

| Year | Soviet exports to West | Soviet imports from West | Balance | Gross debt[1] | Gross debt[2] |
|---|---|---|---|---|---|
| | (billions of currency rubles) | | | (billions US$) | |
| 1984 | 21.4 | 19.6 | 1.8 | 25.6 | na |
| 1985 | 18.6 | 19.3 | -0.7 | 31.4 | 28.9 |
| 1986 | 13.1 | 15.9 | -2.7 | 37.4 | 31.4 |
| 1987 | 14.2 | 13.9 | 0.3 | 40.3 | 39.2 |
| 1988 | 14.7 | 16.3 | -1.7 | 41.7 | 43.0 |
| 1989 | 16.4 | 20.5 | -4.1 | 50.6 | 54.0 |
| 1990 | 17.4 | 20.2 | -2.3 | na | 52.2[3] |

[1]Gross debts of the USSR and CEMA banks in the OECD area; BIS/OECD assessment.
[2]Contracted or guaranteed by the Vneshekonombank; data provided by the Soviet authorities.
[3]June 1990.

SOURCE: *Narkhoz 1985*, p. 572; *Narkhoz 1988*, p. 636; *Vneshniye ekonomicheskiye svvazi SSSR v 1989 g.* (The Foreign Economic Relations of the USSR in 1985), Moscow, Finansy i statistika, 1990, p. 8; *Ekonomika i Zhizn'*, No. 5, January 1991, p. 13; UN ECE, *Economic Survey of Europe in 1989–1990*, Geneva, 1990, p. 204; IMF-IBRD-OECD-EBRD Report, p. 50.

the policy was heavily criticized by virtually all reform economists for aggravating imbalances on domestic consumer markets.[52] Admittedly, the cut would have been more efficient if it had hit, not consumer goods, but investment goods, which—as we have seen—often could not even be completely installed.

A complete reversal of imports policy ensued. From 1987 to 1989, Soviet imports from the West grew by no less than 47 percent, boosting the gross foreign debt to the West by $10 billion. This increase in imports was criticized by reformers as too little and too late to balance the domestic consumer market and thus facilitate economic reform.[53] Seen from the outside, the import-oriented policy of the Soviet government looked like a populist drive to soothe popular dissatisfaction with substantial imports of consumer goods while the USSR continued to import rather meaningless investment goods. Predictably, Soviet foreign trade organizations found toward the end of 1989 that they could no longer pay for imports on time. By autumn 1990, the accumulated arrears amounted to $5 billion.[54]

From 1991, trade with the USSR's former CEMA partners is to be drastically transformed. The USSR has proclaimed that it will only trade with those partners in hard currency at world market prices, which should benefit the Soviet Union.[55] These benefits will be at least partially offset by an anticipated decline in the volume of Soviet trade with those partners to half of its 1989 level.

Another important factor in Soviet foreign trade will be an estimated decline in oil production of 37 million tons in 1990 and an even deeper decline in 1991. Oil exports, which amounted to 185 million tons in 1989, will presumably decline by a corresponding amount, since domestic consumption is not likely to decline.[56] The expected slump in exports will be so huge that the Soviet government does not expect increased energy prices (e.g., in trade with Eastern Europe) to compensate for it.[57] However great the convulsions, one can expect little improvement in Soviet foreign trade performance before basic systemic changes occur.

## Overall Performance

What has been the impact of the many factors discussed above on overall Soviet economic performance? A natural starting point is the official aggregate measurements, although they hide inflation and are characterized by over-reporting.[58] A first question is which indicator to use; a second, how to deflate it. According to Soviet computations, Soviet GNP grows at

[52]See Abel Aganbegyan, "Practical Matters of Economic Science," *EKO* (Novosibirsk), No. 9, 1989. p. 25.
[53]The case was particularly pushed by Nikolay Shmelev in "New Concerns," *Novyy Mir*, No. 4, April 1988, pp. 160–75.
[54]BMF-IBRD-OECD-EBRD Report, p. 48.
[55]*Izvestiya*, July 25, 1990.
[56]The production prognosis is from *Ekonomika i Zhizn'*, No. 5, January 1991, p. 11. Export predictions are the author's own assessment based on official Soviet statistics, under the assumption that no improvement in the economic system will occur in the next year. Total Soviet oil exports have varied in recent years as follows: 1985, 167 million tons; 1986, 186 million tons; 1987, 196 million tons; 1988, 201 million tons; 1989, 184 million tons. The exports for hard currency fell by almost one-third in 1989, from 89.6 million tons to 61.8 million tons. See *Narkhoz 1989*, p. 644.
[57]Stepan Sitaryan in *Izvestiya*, Dec. 3, 1990.



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**Table 11: Growth in Soviet National Income, 1981–90**

**(annual growth in percent)**

| | 1981–85 | 1986 | 1987 | 1988 | 1989 | 1990[1] |
|---|---|---|---|---|---|---|
| Official net material product, current prices | 4.7 | 1.5 | 2.1 | 5.2 | 4.1 | na |
| Official NMP, constant prices | 3.2 | 2.3 | 2.6 | 4.4 | 2.4 | -4 |
| Khanin, NMP, constant prices | 0.6 | 3.0 | 1.0 | 0.0 | -4.5 | -8–10 |
| Official gross material product, current prices | 4.6 | 2.8 | 3.3 | 6.1 | 5.6 | na |
| Official GNP, constant prices | 3.7 | 3.3 | 2.9 | 5.5 | 3.0 | -2 |
| CIA, GNP, constant prices | 1.8 | 4.1 | 1.3 | 2.2 | 1.4 | na |

[1]Estimated.

SOURCES: *Narkhoz 1989*, pp. 6, 8-9, 11; *Ekonomika i Zhizn'*, No. 5, January 1991, p. 9; Grigoriy Khanin, "Economic Growth: An Alternative Appraisal," *Kommunist* (Moscow), No. 17, November 1988, pp. 83–90; idem, "The Crisis Deepens," *EKO* (Novosibirsk), No. 1, January 1990, p. 79; US Central Intelligence Agency, *Handbook of Economic Statistics, 1990*, Washington, DC, US Government Printing Office, 1990, p. 64.

an annual rate about 1 percent greater than does net material product (NMP)—both at current and constant prices. The difference reflects the rapid growth of "non-productive" services and depreciation, which are included in GNP but not in NMP.[59] Since public services are measured as costs of inputs also in the West, it seems appropriate to exclude this element when assessing real Soviet economic growth, since an expansion of inputs hardly reflects any increase in output when efficiency is plummeting.[60] The increasing depreciation appears to be a reflection of the wasteful Soviet investment process, and wastage should not boost our assessment of final output. Thus, NMP should give a more accurate picture of actual economic growth.

The deflator applied to NMP must, however, be smaller than inflation in retail trade, as most prices are more rigid than consumer prices. Inflation might have been on the order of 7–8 percent in 1989, which would have meant a decrease in NMP of 3–4 percent. Grigoriy Khanin assesses the hidden inflation somewhat higher, indicating a decline in NMP of 4–5 percent in 1989.[61]

An alternative means of assessment is to look at the development of major factors of production, for which the statistics on physical output might be reasonably accurate. Notably, in 1989, energy production declined by 0.7 percent; the volume of transported goods, 1.9 percent; and employment, 1.5 percent.[62] Given the increasing shortages, the efficiency in the economy must have declined by a few percentage points, say 3 percent. That would leave us with an indication that NMP probably declined by 3–5 percent in real terms for that year. In 1990, the decline in efficiency must have been much larger than in 1989.

From these highly tentative assessments, we may suggest that NMP probably declined on the order of 3–5 percent in 1989, and is likely to have plummeted much further in 1990. These figures differ markedly from the official Soviet statistics (see Table 11). James Noren arrives at estimates very close to the Soviet estimates. His methodology is based on production statistics and disregards the fact that these data are becoming ever more distorted in the current Soviet economic disarray. Noren flatly denies that the financial and monetary crisis has had any significant negative impact on real income. "Soviet production," he contends, "is not 'imploding' or 'collapsing,' as is sometimes suggested."[63] How can Noren reconcile the apparent contradiction

[58]James H. Noren's recent statement that "Over-reporting of physical output may have declined since 1985" (loc. cit., pp. 5–6) appears implausible. Given the existence of a sellers' market, one can anticipate deterioration in supplier performance. Complaints about disorder and dwindling contract discipline are rife. The Law on State Enterprises has permitted enterprises to change their assortment to concentrate on convenient and highly profitable items. This is seen in the decline in production of classical phonograph records and a stress on lower-priced but higher-volume pop releases.

An obvious corollary of this state of affairs is that over-reporting of all kinds—both in physical and value terms—is likely to have increased sharply. In one way or the other, everyone is judged by production performance. It matters little if net production or profit, rather than gross output, is measured. Moreover, state orders still predominate, and it is no longer dangerous to cheat.

[59]Gennadiy N. Zoteyev, "How Big Was the Soviet National Income?" Working Paper No. 15, Stockholm Institute of Soviet and East European Economics, Appendix, Table 1b.

[60]It is a great problem to measure the productivity of public services also in the West. A major Swedish study of the development of productivity of Swedish public services indicated a decline of 1.5 percent a year from 1970 to 1980, in spite of a market-oriented environment. See Finansdepartementet, *Offentliga tanster—sokarjus mot produktivitet och anvädare* (Public Services—Searchlight on Productivity and Users)," Ds Fi No. 13, 1986, Stockholm, p. 21. In the USSR, such declines are likely to be greater, but I am not aware of any investigation of this matter.

[61]Grigoriy Khanin, "The Crisis Deepens," *EKO*, No. 1, January 1990, pp. 77–79.

[62]*Narkhoz 1989*, pp. 48, 327, 550. We cannot currently make any assessment of capital and technical development.

[63]Noren, loc. cit., p. 41.



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between the general perception that consumption is falling and his positive statistics? Gertrude Schroeder, herself a former analyst at the CIA, tries to square the circle by observing that "while the Soviet leadership has managed to keep per capita consumption rising, the rate of improvement has been so slow as to be scarcely perceptible to the population. . . ."[64]

It would be most surprising if the extraordinary financial and monetary imbalances had not already caused havoc to the real economy. The most similar crisis was that experienced by Poland from 1979 to 1982, when Polish net material income fell officially by no less than 22 percent.[65] The Soviet shortage crisis is probably more severe, and it is further aggravated by, for instance, national tensions. Therefore, we should expect an even steeper decline in the USSR national income before the bottom has been reached, although when it will show up in official Soviet data is an open question.

Recently, the Soviet State Committee on Statistics (Goskomstat) has started reassessing the relative level of Soviet national income. Previously, Goskomstat alleged that the Soviet national income corresponded to 64 percent of its American counterpart in 1988 (without clarifying its definitions).[66] Although Goskomstat published no comparable figure in its statistical yearbooks for 1989, Gorbachev, in a speech on October 25, 1990, referred in his usual imprecise manner to "the USA, whose economy exceeds ours by almost 2.5 times,"[67] implying that Soviet national income amount to a bit more than 40 percent of US national income. In the meantime, Gennadiy Zoteyev has made public his own calculations based on Goskomstat statistics and its unpublished assessments of purchasing power parities. His conclusion is that the Soviet net material product at current prices amounted to 46 percent of the US net material product in 1970 and has gradually declined to 40 percent in each of the years 1985–87.[68] Presumably, this is only the beginning of a more realistic assessment of the Soviet level of economic development.

## Assessment of *Perestroyka*

Looking back at Soviet economic policy during the second half of the 1980's, it is difficult to avoid the impression that virtually every possible mistake has been made. At present, *perestroyka* has proven to be an utter economic failure. The most appropriate analogy appears to be Poland in the late 1970's under the rule of Edward Gierek. Recent Soviet economic policies and dilemmas resemble a tragic reprise of the unfortunate second part of the Gierek era and the Solidarity period.

The Soviet government has fallen into a similar trap of rising wages and rigid prices: the government lost control over wages, which rose more than production; it was politically impossible to raise prices accordingly; as a result, subsidies as well as shortages grew, eventually causing a decline in the national income. To a considerable extent, too, the causes were the same. While playing on democratic moods, neither Gierek nor Gorbachev was prepared to accept full democratization. Both toyed with economic reform, but stopped short of a proper market economy with predominant private ownership. Instead, both played the populist game of trying to satisfy the population with more commodities, first through monetary benefits, then through excessive imports of consumer goods, forcing their countries into severe foreign indebtedness.

This comparison might appear unjust. Gierek was forced to make concessions from the very beginning in 1970 because of strong grass-roots pressures and strikes (he also had to avoid offending Moscow), whereas Gorbachev woke his people up by starting democratizing from above. Clearly, Gorbachev favored more of both democratization and marketization than Gierek ever did. Still, the outcomes are surprisingly similar. In one way, though, Soviet *perestroyka* is worse. The Soviet leaders should have learned from the miserable experiences of the Gierek leadership. Instead, they repeated all of Gierek's mistakes, although they had much more leeway to begin with than Gierek ever had. This failure indicates both a considerable intellectual defect and a vacuum of information on actual developments in Eastern Europe.

As a member of the Presidential Council, Academician Stanislav Shatalin tellingly observed:

*. . . I understand that even [Gorbachev and Ryzhkov], who started* perestroyka, *are not able—if you wish, do not have the biological facilities—to change their philosophy instantly, to move from the existing way of thinking to the new realities. Like everyone else, they have been fed for decades with the ideas of a strict plan and a technocratic approach to the solution of economic questions.*[69]

[64]Gertrude Schroeder, "Crisis in the Consumer Sector: A Comment," *Soviet Economy*, No. 1, 1990, p. 63.

[65]*Rocznik statystyczny 1985* (1985 Statistical Yearbook), Warsaw, Główny urząd statystyczny, 1986, p. xxxv.

[66]*Narkhoz 1988*, p. 680. The CIA's figure for Soviet GNP in 1988 was 52 percent of GNP in the United States. See US Central Intelligence Agency, *Handbook of Economic Statistics, 1989*, Washington, DC, US Government Printing Office, 1989, pp. 24–25. In its 1990 *Handbook* (p. 31), the CIA sets the figure at 44 percent.

[67]*Pravda*, Oct. 26, 1990.

[68]Zoteyev, "How Big Was the Soviet National Income?" loc. cit., Appendix, Table 3.

[69]*Izvestiya*, Apr. 21, 1990.



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It is perhaps most surprising how long it took before the Soviet leadership became aware of the economic crisis. In hindsight, we can see that the crisis turned serious in 1988. Yet, when Academician Abalkin told the 19th Party Conference that summer that "a radical breakthrough in the economy has not occurred and [the economy] has not departed from its state of stagnation,"[70] he was scolded by a score of speakers and eventually the General Secretary himself. Instead of heeding this very moderate assessment (radical economists such as Nikolay Shmelev and Vasiliy Selyunin had been painting a more realistic picture of economic crisis for some time), the conference adopted a resolution proudly stating: "The country's slide toward economic and socio-political crisis has been halted."[71]

Even the October 1988 official admission of a sizable deficit in the state budget for the next year was not treated as a matter of great public concern. A package of austerity measures designed to cut the budget deficit by 30 billion rubles was cobbled together and adopted in March 1989.[72] As Yegor Gaydar has pointed out, this was the last time such a traditional fiscal approach was possible; policy-making was soon to fall under the influence of "the economic practices of populism,"[73] in part reflecting the new forces generated in the elections of March 26, 1989. On the positive side, these first (partly) democratic elections did at least make the Soviet leaders aware of the existence of a severe economic crisis.

## Changes in Policy Apparatus

According to senior Soviet economists, Gorbachev did not delve deeply into economic reform issues from the summer of 1987 until September 1989, and little could happen in the USSR without the involvement of the General Secretary himself. The most positive interpretation one can place on Gorbachev's apparent neglect of economic affairs in that period is that he reckoned that it was impossible to accomplish much in the way of economic reform before substantial political changes had been made. These included a restructuring of the apparatus for economic decision-making.[74]

The process began with the dismantling of the traditional apparatus of economic policy-making within the party Central Committee (CC). As a result of the 19th Party Conference in the summer of 1988 and the CC Plenum that followed it, most of the party's traditional economic branch departments were merged into a single socio-economic department. The power over economic policy was concentrated, instead, in the Council of Ministers, initially, Gosplan. However, on July 5, 1989, a new player—the State Commission on Economic Reform under the USSR Council of Ministers, was established. The commission obtained its own staff and accumulated considerable power—e.g., its chairman, Abalkin, was appointed a deputy prime minister.[75] Through the autumn of 1989, there was intense competition between the Reform Commission and Gosplan, as well as the organizations' respective chairmen (Abalkin and First Deputy Prime Minister Yuriy Maslyukov) over reform policy. Ultimately, however, Abalkin joined hands with his new colleagues in the Presidium of the Council of Ministers and parted company with his old academic friends.[76]

In 1990, a new center of economic policy-making began to form around Gorbachev himself. In January 1990, Nikolay Petrakov, corresponding member of the Academy of Sciences and long an outspoken advocate of the market, was appointed Gorbachev's personal economic adviser. In March 1990, Gorbachev was elected President by the Congress of People's Deputies. He appointed a Presidential Council, which included Academician Stanislav Shatalin, another prominent "marketeer." In the presidential apparatus, there was created a socio-economic department, headed by Anatoliy Milyukov, who had previously been one of the closest collaborators of both Nikolay Ryzhkov and Nikolay Slyunkov.

Gorbachev's obvious intention was that he, his Council, and its apparatus should coordinate economic policy. On September 24, 1990, the Supreme Soviet gave him such powers. However, the presidential apparatus was far too weak to play such a role. By October 1990, its socio-economic department had a staff of only 12 people (out of 35 planned posts).[77] Moreover, the status of the Presidential Council was never determined. Its members comprised three groups—presidential functionaries, leading members of the Council of Ministers, and independent public figures. Nobody, with the possible exception of the President, seemed to know what their precise mandate was. Shatalin wondered: "May I ask, for instance, the minister of finance to do something, or do I have a right to tell him that he must do it?"[78]

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[70] *Pravda*, June 30, 1988.
[71] Ibid., July 5, 1988.
[72] *Izvestiya*, Mar. 30, 1989.
[73] *Pravda*, July 25, 1990.
[74] I have discussed these changes in detail in Åslund, "The Making of Economic Policy in 1989 and 1990," *Soviet Economy*, No. 1, 1990, pp. 65–94.
[75] *Ekonomicheskaya Gazeta* (Moscow), No. 31, July 1989, pp. 16–17.
[76] For an assessment of Abalkin's approach to reform, see Boris Rumer, "The Abalkanization of Soviet Economic Reform," *Problems of Communism* (Washington, DC), January-February 1990, pp. 74–82.
[77] Other departments were even more understaffed. Of 500 planned posts, about 100 seem to have been filled.
[78] *Moscow News*, No. 33, 1990, pp. 8–9.



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The radical reformers lacked a single institutional base. It would have been natural for the Academy of Sciences to have filled that role, since most of the able reform economists worked at its institutes in Moscow. However, these institutes leaned in diverse directions. The Institute of Economics functioned as the secretariat of Abalkin's Reform Commission. Petrakov relied on the Central Economic Mathematical Institute for similar purposes.[79] The Institute of the Economy of the World Socialist System, headed by Academician Oleg Bogomolov, seemed to have shifted its emphasis to politics, producing a great number of senior politicians and political analysts.[80]

The best young radical market economists assembled around Boris Yel'tsin, since May 1990 the chairman of the Supreme Soviet of the RSFSR. As one Western observer put it, "Mr. Yel'tsin is collecting a highly competent team, not so much by attraction as by gathering the bright, innovative people Mr. Gorbachev keeps pushing away."[81] The outstanding figures in this group were RSFSR Deputy Prime Minister for economic reform Grigoriy Yavlinskiy (38) and RSFSR Minister of Finance Boris Fedorov (33).

## A Parade of Programs

The multiplicity of centers of economic decision-making and the weakness of the President's own apparatus resulted in a diversity of reform programs and numerous uncoordinated and arbitrary decisions. Indeed, since the summer of 1989, the USSR has been awash in a flood of reform programs and indecision regarding what course to take. Below, I shall attempt to enumerate the most important of these programs, mention their origins, and outline their basic characteristics. Then, I shall discuss major issues over which the most important programs have disagreed.

In October 1989, the Reform Commission presented an outline of a program headlined "Radical Economic Reform: Immediate and Long-Term Measures"[82] Popularly known as the "Abalkin program," this proposal explicitly favored the market over central planning. It stated: "From our own experience, we have been able to convince ourselves that there is no worthy alternative to the market mechanism for coordinating actions and interests of economic subjects." Moreover, it stipulated that the market had to be characterized by "free prices and economic competition" if it was to function efficiently.

The Abalkin program advocated the existence under socialism of many forms of ownership, including leaseholds, cooperatives, peasant farms, joint stock companies and "other economic partnerships," but stopped short of endorsing private ownership. It outlined a system of financial institutions, such as a stock exchange, and broke with Soviet traditions of import substitution by calling for import competition through liberalization of foreign trade. The program envisioned a convertible ruble with an exchange rate established through currency auctions. It offered three alternative speeds of transition, but the whole transition was supposed to last six years. The sequencing of reform measures was neither clear, nor convincing.

The lasting value of the Abalkin program was that it opted for a full-fledged market economy, broke with a whole range of communist taboos, and offered a reasonably comprehensive program of transition. Gorbachev promoted this package at three large meetings in October and November 1989. In particular, a three-day conference in mid-November produced substantial documentation for further work on the reform.[83] But there was also a considerable backlash from party conservatives.[84]

Meanwhile, Gosplan was working on its own program, which focused on means of stabilizing the economy, but which also ventured into matters of reform. On December 13, 1989, Prime Minister Ryzhkov presented a program under the rubric "Efficiency, Consolidation, Reform—the Road to a Sound Economy."[85] Advertised as a continuation of the Abalkin program or a compromise between the Gosplan and Abalkin programs, it actually represented a substantial retreat from the latter. Its essence was that three years of preparations were needed before any introduction of marketization. Meanwhile, the economy would become *more* centralized. The program rejected private ownership and extensive denationalization, and said that retail prices were not to be touched until at least 1992.

The government continued its double-track approach. In February 1990, the young radical economist Grigoriy Yavlinsky, who had become the head of one of the departments in the Abalkin Commission, and two

[79]In October 1990, part of that institute became "The Institute of the Market," headed by Petrakov.

[80]In October 1990, it was renamed the Institute of International Economic and Political Research (IMEPI).

[81]Flora Lewis, "Korotich—Within a Year We Will Have a Dictator," *International Herald Tribune*, Dec. 13, 1990.

[82]*Ekonomicheskaya Gazeta*, No. 43, October 1989, pp. 4–7.

[83]Leonid I. Abalkin and Anatoliy I. Milyukov, Eds., *Ekonomicheskaya reforma: poisk resheniy* (Economic Reform: The Search for Solutions), Moscow, Politizdat, 1990.

[84]Ed A. Hewett, "*Perestroika*-'Plus:' The Abalkin Reforms," *PlanEcon Report*, Dec. 1, 1989.

[85]*Izvestiya*, Dec. 14, 1989.



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young collaborators, Mikhail Zadornov and Aleksey Mikhaylov, composed the so-called 400-day program.[86] It stressed rapid and massive privatization—in order to stabilize the economy by soaking up excess rubles—and swift marketization. It was presented to the government as a more radical version of the Abalkin program, inspired by the "shock therapy" being successfully applied in Poland. The authors argued: "The time for gradual transformations has turned out to have been missed, and the ineffectiveness of partial reforms has been proved by the experiences of Hungary, Yugoslavia, Poland, and China."

Surprisingly, the 400-day program was preliminarily accepted, first by Abalkin, then by Maslyukov and his fellow first deputy prime minister, Lev Voronin, and finally by Ryzhkov. This orientation was reflected in Gorbachev's first programmatic speech as President to the Presidential Council, in which he highlighted the need for "radicalization of economic reform," "a normal full-blooded market," and "land reform."[87] However, in April 1990, the Presidential Council turned down the program and reverted to the Ryzhkov program, which had been adopted by the Congress of People's Deputies. On May 24, Ryzhkov presented a version of that program that contained little new, apart from details on higher retail prices (almost 50 percent) and pay compensation for two-thirds of the increase.[88] The populace reacted with a massive run on all shops and extraordinary hoarding; banks deposits declined for two months running.[89] The government saved face in mid-June, when the Supreme Soviet gave it until September 1 to come up with an improved program.

The newly elected chairman of the Supreme Soviet of the RSFSR, Boris Yel'tsin, benefited from the collapse of confidence in the central government. In June, the RSFSR Congress of People's Deputies adopted a declaration of "State Sovereignty" on behalf of the RSFSR.[90] The 400-day program—which was known only to insiders—was transformed into a 500-day program (because it sounded better) by Mikhail Bocharov when he stood as a radical candidate for the premiership of the RSFSR in mid-June.[91] Bocharov lost by a slim margin, but the compromise candidate Ivan Silayev himself embraced the 500-day program and its main author, Yavlinskiy, who—as noted above—became deputy prime minister of the RSFSR for economic reform.

At the 28th Party Congress, held July 2–13, 1990, General Secretary Gorbachev appeared to undermine the last vestiges of power of the CPSU and seemed, at least momentarily, to be free to move in a direction of his own liking. On July 27, he stunned the intelligentsia by inviting the most prominent genuinely radical economists and economic journalists to a long meeting.[92] Next, he met with Yel'tsin, and the two swiftly agreed to set up a joint working group "On the preparation of a concept of a Union program for the transition to a market economy as a foundation of a Union treaty"; this group was formalized through a Presidential decree.[93]

This working group, called "the Shatalin group" after its chairman, included Gorbachev's top economists (Shatalin and Petrakov), the original authors of the 400-day program (Yavlinskiy, Zadornov, and Mikhaylov), as well as Boris Fedorov from Yel'tsin's team, and a number of other radical reform economists from the Academy of Sciences. In addition, it had representatives from governments of all the republics save Estonia. It was also supposed to incorporate two leading government economists, Leonid Abalkin and his collaborator Yevgeniy Yasin, but Abalkin refused to join the group, since he did not share its radical views.[94]

The Shatalin group had the mandate to produce a "concept of a program" by September 1. After three weeks of nonstop work, it published the program in two volumes. One contained the actual program and was simply called "Transition to the Market: Conception and Program." The second part contained 21 drafts of legal acts covering the most important aspects of the economic transition.[95]

The essence of the Shatalin program was a rapid stabilization and a fast transition to a market economy coupled with large-scale privatization and a general delegation of powers to the Soviet Union's constituent republics. It was very concrete, providing a detailed 500-day schedule for the transition. In their haste, the authors generated numerous inconsistencies, and frequently offered no reasoning behind their proposals. Still, the USSR had never seen such a concrete, comprehensive, and radical (the word "socialism" was not even used) reform program.[96]

The government's top economic experts, working in

[86]See *Delovoy Mir* (Moscow), July, 31, 1990.
[87]*Pravda*, Mar. 28, 1990.
[88]Ibid., May 25, 1990.
[89]*Ekonomika i Zhizn'*, No. 49, December 1990, p. 3.
[90]*Sovetskaya Rossiya* (Moscow), June 14, 1990.
[91]Ibid., June 16, 1990.
[92]*Pravda*, July 28, 1990.
[93]*Sovetskaya Rossiya*, Aug. 5, 1990.
[94]Interview with Yavlinskiy in *Soyuz* (Moscow), No. 37, 1990. This event represents the definitive break between the radical reformers and Abalkin.
[95]Op. cit. supra, fn. 15; and *Perekhod k rynku: chast' 2 - proyekty zakonodatel'nykh aktov* (Transition to the Market: Part 2—Draft Legislative Acts), Moscow, August 1990.
[96]For an excellent presentation and analysis of the Shatalin Program, see Ed A. Hewett, "The New Soviet Plan," *Foreign Affairs* (New York), Winter 1990–91, pp. 146–67.



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parallel at another dacha outside Moscow, came out with a rival program a few days later. Here, the leading participants were Ryzhkov, Abalkin, Valentin Pavlov (the minister of finance), and Vyacheslav Senchagov (the chairman of the State Price Committee). The title of the government's program marked its difference from the Shatalin program: "The Government Program for the Formation of Structures and Mechanism of a Regulated Market Economy—Draft."[97] As Abalkin has acknowledged, the program drew both on the ideas presented by Prime Minister Ryzhkov in December 1989 and May 1990, and on the Abalkin program.[98]

When the two programs were presented to the Supreme Soviet in September 1990, it was expected that the Shatalin program would be adopted. Even Abalkin referred to the Shatalin group as "the President's group."[99] Instead, Gorbachev organized a veritable circus. First, he criticized the government program for failing to offer a suitable stabilization plan.[100] Then he ordered Abel Aganbegyan to produce a compromise between the two plans. The result virtually coincided with the Shatalin plan and bore the signatures of both Aganbegyan and Shatalin (Abalkin submitted a written reservation).[101] Then, Gorbachev attacked "controversial clauses" in the Aganbegyan version.[102] On September 24, the Supreme Soviet decided to give Gorbachev three more weeks to produce a compromise program of his own.

However, in October, there was a sharp shift in the political situation. The eminent Soviet political analyst Igor' Klyamkin has argued credibly that October marked a turning point where Gorbachev effectively broke his alliance with Yel'tsin and the reformers and embraced the conservatives.[103] Instead of a comprehensive program, Aganbegyan now presented on behalf of the President "Basic Guidelines on Economic Stabilization and Transition to a Market Economy." Although the document claimed that "a choice has been made," the guidelines were so sketchy that they required a mere three pages in *Pravda*.[104] They embraced the principles of the Shatalin program, but in terms so general that they hardly meant anything. Academician Oleg Bogomolov summarized matters aptly: "What was submitted for consideration by the USSR Supreme Soviet does not even constitute a program; rather [it is] a set of unfounded postulates, intentions, and statements which are often contradictory."[105]

Thus, the program talked of republics "voluntarily" entering the union, but allowed for no alternative; it recognized that free prices are indispensable for a market economy, but spoke of using administrative means to stop uncontrolled inflation; and in calling for privatization, it suggested the process could be very long. One of the few concrete numbers limited the budget deficit to 2.5–3 percent of GNP or 25–30 billion rubles in 1991 (which implies either no inflation or a sharp drop in GNP). These dim directions, which largely followed the lines of the government program, went through the Supreme Soviet with surprising ease and were adopted on October 19.[106] A few days later, Gorbachev contemptuously dismissed the Shatalin program as "a train timetable."[107]

Since the guidelines contained so little substance, there was, in effect, no public reform program. Instead, the President churned out one surprising decree after another, with little or no coordination or logical sequencing. Senior Soviet economists tend to agree that the actual policy has turned out to be worse than either of the competing programs. And the public was uncertain about who had actually won.[108] The fact of the matter was that Gorbachev had won by concentrating most formal powers in his own hands, but that he then chose to shift policy in a statist direction.

Boris Yel'tsin took a clear stand as soon as the presidential guidelines were published. He noted that the "central organs are trying to preserve control over material supplies and foodstuffs at any cost," and he warned of hyperinflation.[109] The whole Shatalin group criticized both the central and Russian authorities for missing a great opportunity, saying that the 500-day program could no longer be carried out, and warning of hyperinflation and sharply falling standards of living.[110]

The actual outcome of this strife was soon reflected in personnel shifts. On November 17, 1990, Gorbachev proposed a surprising package of far-reaching consti-

[97]Draft Government Program.

[98]Abalkin has stressed the continuity with his program; see, e.g., *Ekonomika i Zhizn'*, No. 49, December 1990, p. 2.

[99]*Pravitel'stvennyy Vestnik*, No. 33, August 1990, p. 3.

[100]*Pravda*, Sept. 12, 1990.

[101]"Programma stabilizatsii ekonomiki i perekhoda k rynku (proyekt)," (Program for the Stabilization of the Economy and Transition to a Market Economy [Draft]), mimeo., Sept. 11, 1990.

[102]*Pravda*, Sept. 18, 1990.

[103]Igor' Klyamkin, "The October Election of the President," *Ogonek* (Moscow), No. 47, November 1990, pp. 4–7.

[104]*Pravda*, Oct. 18, 1990. By contrast, the Shatalin program had run to some 239 type pages, not to mention an additional 167 pages of proposed legislation.

[105]*Moscow News*, No. 43, 1990.

[106]*Izvestiya*, Oct. 21, 1990.

[107]*Pravda*, Oct. 26, 1990.

[108]Asked by pollsters, "Whose economic ideas are basically reflected in the adopted program?" 14 percent of the sample said the President; 12 percent said Shatalin; 10 percent, Yel'tsin; 7 percent, Ryzhkov; and 5 percent, Abalkin; but most people could not answer. *Izvestiya*, Dec. 12, 1990.

[109]Ibid., Oct. 17, 1990.

[110]*Komsomol'skaya Pravda* (Moscow), Nov. 5, 1990.



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tutional changes.[111] The Council of Ministers was to be reduced to a much smaller cabinet of ministers headed by the president and not the prime minister; the Council of the Federation, gathering the heads of the union republics, was to become an executive organ, performing many of the previous functions of the Council of Ministers; and the Presidential Council was to be abolished. In December 1990, the USSR Congress of People's Deputies enacted Gorbachev's proposals. Both Shatalin and Ryzhkov lost their jobs. Gorbachev was left with a minimal personal apparatus and the old central economic organs, where Abalkin, Pavlov, and Senchagov seemed to hold sway. Gorbachev argued that the "theory of *perestroyka*" had been sufficiently developed and that "[t]he issue now is not new ideas, but to implement what has already been proposed during these years."[112] In a word, the time for discussion was over, and intellectual advisers were no longer required or welcome.

The government of the Russian republic also witnessed a conservative backlash. On September 11, the RSFSR Supreme Soviet had adopted the 500-day program almost unanimously, but the gesture was a sham, because it could not be implemented without a change in monetary policy, which was still controlled by the central government. Yavlinskiy submitted his resignation in mid-October,[113] and Boris Fedorov resigned in December, both realizing the time was not ripe for their policy of radical transition to a market economy.

In the parade of programs just described, those of the government and the Shatalin groups represented two principal foci. On many questions, these groups, both of which consisted mostly of Muscovites and economists who knew each other well, were in agreement—in particular, on the need for all kinds of markets, including financial and capital markets, and for the liberalization of foreign trade. They did, however, differ sharply on four crucial issues: namely, the nature of the future union, price policy, stabilization policy, and privatization. Let us look at these issues in more detail.

## Republic Sovereignty

By 1990, a basic issue had become whether the Soviet Union would even survive and, if so, in what form.[114] In November 1988, Estonia became the first republic to declare its sovereignty. On March 11, 1990, the Supreme Soviet of Lithuania went much further, proclaiming "the Restoration of the Independent Lithuanian State." By the end of 1990, five union republics had declared themselves independent (Estonia, Latvia, Lithuania, Georgia, and Armenia), and the other ten, plus more than a score of autonomous territories, had declared themselves sovereign.[115] Even two parts of Moscow as well as some enterprises now call themselves sovereign. Moreover, strife between various ethnic groups has reached such a level that curfews or states of emergency were in effect in parts of six republics at the end of 1990.[116]

In the midst of this turmoil, work proceeded on the drafting of a new Union treaty to replace the treaty of 1922. In the drafting, there was evident a broad consensus rejecting the former unitary state, but there was also considerable debate over whether to replace it with a federation or a confederation. A draft treaty was finally published in late November 1990.[117]

The economic nature of the future union constituted a fundamental bone of contention between the government and Shatalin groups. Although the government program acknowledges "the sovereignty of union republics, their equality and economic independence," it was all too obvious that the government did not mean what it said. Its program contained statements that could only be understood as commands to the republics, for example: "Sovereign republics delegate the following powers to the Union." The Shatalin program, on the contrary, underlined that it was serious about the sovereignty of the republics and that any union must be voluntary: "The main thesis on the mutual relationship between the republics and the center is that nobody governs or commands anybody."

The attitude toward entry into and exit from the union in the two programs was starkly different. The government simply assumed that every republic would join, and stated sharply: "Powers delegated to the Union cannot be changed without agreement of the parties to the treaty." In essence, this appears to mean that no change could be undertaken for any party to the treaty if any republic objected. The Shatalin group took the opposite view, granting dissenting republics the choice of becoming members, associated members, or even observers in the union, but also clarifying: "Members of the Union preserve their right to leave it

[111] *Pravda*, Nov. 18, 1990.

[112] Ibid., Dec. 2, 1990; see also Yegor Yakovlev in *Moscow News*, No. 49, 1990.

[113] *Izvestiya*, Oct. 18, 1990.

[114] This section is based on Draft Government Program, pp. 10–12; and Shatalin Program, pp. 12–13, 28–38 (all quotations are from the referenced pages of the two reports). The most substantial government criticism of the Shatalin Program is to be found in *Pravitel'stvennyy Vestnik*, Nos. 37 and 39, 1990. A good exposition of the main complaints of the Shatalin group is its letter in *Komsomol'skaya Pravda*, Nov. 5, 1990.

[115] Sheehy, loc. cit., pp. 23–25.

[116] In Azerbaijan, Uzbekistan, Georgia, Tajikistan, Armenia, and Kirgizia. See *Svenska Dagbladet* (Stockholm), Dec. 20, 1990.

[117] *Pravda*, Nov. 24, 1990.



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freely." The Shatalin group discussed the union in economic terms, drawing parallels with the European Community and speaking of an "economic union of sovereign republics," which accorded with their more liberal stand on secession. The government criticized the Shatalin group for refraining from acknowledging the sovereign statehood of the USSR itself.[118]

The two groups had surprisingly similar views regarding the functions of the central government in relation to the republics. Both programs contain a list of about a dozen tasks of the central authorities. They agreed more or less on ten of these tasks. The center should provide for defense and security, undertake long-term economic forecasts, run monetary policy, regulate prices of certain essential goods, manage mainline railways, pipelines and energy systems, organize fundamental research, develop an ecological policy, elaborate standards and statistics, establish a strategy for external economic relations, and maintain a customs system.

Three significant differences did, however, stand out. First, the government envisioned a central budget based on central taxation as today, while the Shatalin group imagined that the central budget should be formed "through the transfer of financial means by the republics for the accomplishment of tasks delegated to the Union." Second, the government wanted central coordination of mutual assistance, that is, transfers from rich to poor republics (an issue that the Shatalin group evidently wished to avoid), allowing the government to present itself as more socially responsible toward backward republics. Third, the government wanted to control the internal distribution of foreign aid proffered to the Soviet Union.

An issue of growing importance was the ownership of state property. Implicitly, the government awarded the ownership to the union, whereas the sovereignty declarations of the republics claimed everything on their territory as their possessions. The Shatalin group muddied this issue, as privatization was its tenet. It regarded property owned by the union as the common property of the republics.

The draft union treaty of November 1990 contains rather little on economic matters, but appears to embody the government program. More important, however, is the fact that although it states unequivocally that the "republics constitute the owners" of land and natural resources within their territory, it omits the idea of an economic union.[119] Thus, the President had sided with the government on union-republic relations. The Shatalin group thought that the chance of an amicable resolution ceased to exist after September: "The opportunity to conclude an economic union quickly has been missed. . ."[120]

This draft union treaty was hardly acceptable to any republic in December 1990. In fact, not even the position of the Shatalin group was acceptable to the Baltic governments, although it had tried hard to find a democratic compromise. Technically, the most doubtful point of the Shatalin program was that the center should not have a direct right of taxation. Neither the government nor the President was prepared to accept the logic of what democratic pressures demanded. The so-called "war of laws" between the center and the republics over jurisdiction continued. Republics refused to deliver to each other, or to obey the center.

## Price Policy and Stabilization

Progress toward the mutually accepted goal of marketization was impeded by strong disagreements between the two programs regarding price policy and measures to achieve economic stabilization.[121] As a consequence of the impasse, market-oriented measures such as the USSR Supreme Soviet's law "On Enterprises in the USSR," promulgated in June 1990 and slated to come into effect on January 1, 1991,[122] remained a dead letter, as did rather comprehensive tax legislation adopted in the second quarter of 1990.[123]

The Shatalin program was radical; it called for the transition to a market economy to be accomplished within 500 days. Within 400 days, it hoped for the creation of a real market with free prices for 70–80 percent of retail sales, leaving the prices of 150 essential goods fixed in order to cushion the impact of the transition on the public. It endeavored to balance the budget from the beginning of 1991; to undertake stabilization at the expense of the state, maintaining the standard of living of the population; and to privatize rapidly, using the proceeds to finance the transition. It envisaged cuts in the state budget of 20–30 percent for investment, 70–80 percent for development aid, 30–50 percent for

[118] *Pravitel'stvennyy Vestnik*, No. 39, 1990.

[119] *Pravda*, Nov. 24, 1990.

[120] *Komsomol'skaya Pravda*, Nov. 5, 1990.

[121] This section is based on Draft Government Program, pp. 22–54; and Shatalin Program, pp. 38–65, 81–112. As early as June 1990, some 56 percent of a representative population had stated that it approved of a market economy, while only 19 percent opposed it (see *Izvestiya*, July 29, 1990). Similarly, nobody opposed the market in discussions in the Supreme Soviet in the fall of 1990 (see, e.g., ibid., Oct. 20, 1990; and TASS in English, Sept. 18, 1990).

[122] *Izvestiya*, June 12, 1990.

[123] *Ekonomika i Zhizn'*, No. 20, May 1990, and No. 30, July 1990; and *Izvestiya*, June 2, 1990.



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subsidies to unprofitable enterprises, 20 percent for the KGB, 10 percent for the Ministry of Defense, and 5–10 percent for costs of the state administration.

The government called its program "moderate-radical," and it was explicitly gradualist in its approach. With better access to data, the officials could offer more detail, but vision was missing. Sometime in the future, the government desired free prices for 75–80 percent of retail sales, but it seemed unclear how serious this aim was, because the emphasis lay squarely on a gradual approach. The government prepared for an extensive price revision on January 1, 1991, raising retail prices by 135 billion rubles (instead of 199 billion rubles as had been the intention in May 1990). Moreover, the government now promised full pay compensation. With regard to wholesale and procurement prices, the government program targeted only *revisions,* not *liberalization* (i.e., freeing of prices to find their own level).

To achieve its goal of reducing the budget deficit to 2.5 percent of GNP, the government program proposed elimination of subsidies to unprofitable enterprises, unspecified cuts in productive investment, and cuts of 75 percent in development aid, 5 percent in defense, 30 percent in administration, and 20 percent in other outlays outside the social sphere.

The government accused the Shatalin group of being excessively optimistic on the possible speed of change, while the reformers distrusted the sincerity of the government's market orientation. The suspicion lingers that the government preferred a more regulated economy than it admitted in public, while there was no doubt that the Shatalin group meant to create a real market.

For all its emphasis on the market, the Shatalin program manifested a strong populist streak. As Abalkin emphasized, it was impossible to undertake the transition to the market at the expense of the state without a temporary decline in the standard of living.[124] Conversations with members of the Shatalin group make it evident that they were aware of this circumstance, but their political mandate from both Yel'tsin and Gorbachev implied that no decline was to be permitted. The minimum standard of living guaranteed in the Shatalin program appears more like the average standard of living, and could not possibly have been achieved. The government admitted openly that the costs of transition would be high, which earned it little support.

Both sides warned of hyperinflation. In the preface to its program, the government cautioned that the budget deficit could rise to 170–180 billion rubles in 1991, prompting a fall in the national income of 15–20 percent if no drastic countermeasures were undertaken. In September, Boris Fedorov suggested that the budget deficit could explode to 340 billion rubles in 1991, and could very well exceed state revenues.[125]

Each side accused the other of unrealistic price and budget policy. Admittedly, there is not sufficient detail in the Shatalin program to judge its tenability. Its authors accept this criticism, but emphasize that their ambition to balance the budget as soon as possible was of vital importance. The government argued that this would involve unacceptable cuts in social programs. (As we have seen in Table 8, social programs account for a tiny part of Soviet budget expenditures, rendering the government claim demagogic.) In comparing the respective proposals for budget cuts, one finds the government trailing behind the Shatalin group, particularly in shielding investment and defense from cuts.[126] Neither side appears to have comprehended that tax revenues could not be raised rapidly.

The government's price policy was clearly confused. Having failed to raise prices in order to reduce the macroeconomic imbalance in May 1990, it now insisted on raising the retail price level by about 20 percent only in order to improve the relative price structure slightly. It also said the new prices would be fixed, and it was not very clear when (or if) they were to be freed, possibly setting off compensatory wage claims and promoting severe inflation.

The radicals argued that it was wrong to start with price increases. Prices should be *freed,* not *raised.* Inflation should be restrained by strict monetary and fiscal policies, largely through cuts in non-social state expenditures. Prior privatization and demonopolization would promote competition. Still, it was obvious that prices would go up, and even in its most optimistic scenario, the Shatalin program projected 53 percent inflation in 1991.

Each side argued that the other's program would cause the most inflation and social harm. The principal difference was the speed of change. The government's contention that its gradualist approach was more socially responsible was not substantiated. On the contrary, common sense suggests that if you are sliding into a chasm, you should jump quickly to the other side—as the Shatalin group desired—and not tread cautiously. There is no theory supporting a gradual switch of system.

A more appropriate objection to the Shatalin program would be that it prescribed too gradual a deregu-

[124] *Pravitel'stvennyy Vestnik,* No. 37, 1990.

[125] *Ekonomika i Zhizn',* No. 44, October 1990.

[126] Ibid.; and *Izvestiya,* Dec. 2, 1990.



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lation. It wanted to preserve state orders and a dual economic system for 500 days, not permitting any clear break. It is doubtful whether such a gradual transition is feasible.

In real life, what happened was something neither plan envisaged. A two-track approach started around the beginning of October on the basis of Presidential decrees.[127] One track forced enterprises to maintain their existing economic links for the rest of 1990 and all of 1991.[128] However, since everyone knew that large price increases were under way, enterprises just neglected these stern orders regardless of proclaimed severe penalties.

The second track deregulated prices partially. The most important decision was a Presidential decree of October 4, according to which about 30 percent of wholesale prices would be free to seek their own level in independent negotiations; 30 percent were to be free up to a ceiling; and 40 percent (essentially affecting raw materials and construction materials) were to remain fixed at a new higher level. This implied both a far-reaching deregulation of wholesale prices and considerable price rises. Retail prices were not directly involved. Only about 5 percent of the retail prices —these relating to luxury items—were deregulated through a decree issued by the Council of Ministers on November 12, to take effect on November 15.[129]

This circumstance lent weight to the argument of the Shatalin group that hyperinflation was plausible.[130] It was bad enough that prices were to be freed without any stabilization policy being pursued, but it was even worse that wholesale prices were deregulated independently of retail prices. The difference between these two price categories comprises turnover tax or subsidies, dependent on whether the difference is positive or negative. If only wholesale prices rise, the turnover tax will vanish and the subsidies will grow automatically until retail prices are freed. Hence, the budget deficit could grow enormously, reaching as high as 180 to 340 billion rubles, or possibly 20 percent of the GNP.

The situation is further complicated by strife between the republics and the Union. Typically, the RSFSR and Kazakhstan adopted swift decisions to block the retail price increases proclaimed by the central government for November 15, causing another round in the "war of laws."[131] Similarly, the republics have been feuding since May 1990 over republic increases in agricultural procurement prices and retail prices, prompting the establishment of customs barriers between the republics and discrimination against sales of various items to visitors from outside a given republic. Subsidies have mounted accordingly.

The presidential guidelines projected a budget deficit for 1991 of 25–30 billion rubles. When the budget was tabled one month later, the official deficit forecast was 59 billion rubles. Although the government had assumed that the republics would balance their budgets, the latter invariably showed huge planned deficits.[132] Even relatively obedient republics such as Belorussia and Kazakhstan had planned for deficits totaling 45 percent of their budgets for 1991. Whatever forecast is finally made, it will not be trusted, particularly as presidential decrees hitting society like bolts from the blue have become the standard. The budget deficit is likely to skyrocket.

By contrast, the Polish budget deficit fluctuated between only 0.3 and 2.5 percent of GNP from 1981 to 1988.[133] Indeed, because of its lack of monetary and financial instruments, a command economy in transition presumably needs a significant budget *surplus* in order to contain inflationary pressures and expectations. If the tools for a strict monetary policy are not in place, fiscal policy must be all the more formidable. If the economy undergoing conversion lacks a revenue service geared to tax the emerging market economy, truly dramatic cuts in public expenditure are the only socially responsible course.[134]

Since what remained of the nascent market functioned ever more poorly, popular cries mounted for control and massive police actions against economic crime and the "the criminal shadow economy." The Supreme Soviet at the end of October adopted a law on more severe punishments for "speculation."[135] Far worse was a presidential decree on "the reinforcement of workers' control," calling for instant elections of workers' control committees at all places of work. These committees were entitled to inspect any enterprise involved in trade and close it "temporarily,"[136] a measure conceivably designed to facilitate closing of coopera-

[127]Explained by Petrakov in *Izvestiya*, Oct. 6, 1990.

[128]Presidential decrees of September 27 (*Pravda*, Sept. 28, 1990) and December 14 (ibid., Dec. 15, 1990).

[129]*Ekonomika i Zhizn'*, No. 47, November 1990, p. 2.

[130]*Komsomol'skaya Pravda*, Nov. 5, 1990.

[131]*Izvestiya*, Nov. 16 and 27, 1990; *Pravda*, Nov. 21, 1990; *Argumenty i Fakty* (Moscow), No. 46, 1990.

[132]*Izvestiya*, Nov. 27 and Dec. 2, 1990.

[133]D. Mario Nuti, "Internal and International Aspects of Monetary Disequilibrium in Poland," *European Economy* (Brussels), No. 43, March 1990, p. 172.

[134]This point is generally missed, even by the international inter-agency report, which approves of a budget deficit of 2.5–3 percent for 1991. See IMF-IBRD-OECD-EBRD Report, p. 20.

[135]*Izvestiya*, Nov. 3, 1990.

[136]*Pravda*, Dec. 1, 1990. This decree represented a retreat to the Stalinist concept of justice, even if the punishments are more lenient.



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tives. Another decree ordered the KGB to devote itself more to "the struggle against economic sabotage."[137] The rights of the state security agency to inspect all kinds of enterprises became virtually unlimited under the terms of the presidential decree of January 26, 1991, "On Measures to Ascertain the Struggle Against Economic Sabotage and Other Economic Crimes."[138]

From the perspective of what is happening in real life, the strife between the government and the Shatalin group appears somewhat irrelevant, because the financial mess has degraded into economic chaos. Gorbachev's maneuvers in the fall of 1990 cannot be defended on any economic grounds. Nor can he claim that he did not know the consequences of his actions. On September 17, when the Shatalin group still thought that a broadly agreed program of transition could be legislated, Gorbachev stated that if they "start to release prices without yet having obtained the appropriate effect from the stabilization of the currency circulation, hyperinflation will become an inevitable fact, and it is difficult to predict its scale."[139] Yet, this is essentially what the President has accomplished.

## Privatization

The idea of privatization appears suddenly to have become widely accepted.[140] The government tends to refrain from using the word "privatization" (*privatizatsiya*) and prefers the cumbersome word "destatization" (*razgosudarstvleniye*), underlining that it prefers transformation of state property into some "collective" form of ownership, such as cooperatives or joint-stock companies. Even the Shatalin program uses this terminology, but also the word "privatization." The argument between the government and the Shatalin group has been how fast privatization could and should be carried out, and how much revenue the state can be expected to realize in the process.

The two programs discuss privatization in a markedly different manner. The Shatalin group proposed that state property, with the possible exception of apartments, should be *sold*. This program concentrates on the volume, structure, and speed of privatization, avoiding any discussion of the principles of privatization. Already for this reason, it does not seem very realistic. The government is undoubtedly right that for practical reasons, state property cannot be sold off that fast, and thus will not yield state revenues as large as the Shatalin program hopes.

The experiences in East-Central Europe underline the complexities of privatization.[141] Surprisingly, much of this discussion is captured in the government program, which seems much more liberal than government statements, particularly those by Nikolay Ryzhkov, who signed the program. The reader is left with the impression that this attractive chapter has just been overlooked by friend and foe alike. For instance, it advocates the equality of all forms of ownership, including private ownership, and states: "The right to private ownership shall be rehabilitated and openly recognized." By contrast, in December 1989, Ryzhkov stated that the government could not agree to "the introduction of private ownership, including of land" or "denationalization of state property on a large scale, including small and medium-sized enterprises."[142]

The Soviet debate on ownership heated up in 1990. In the winter of 1989–90, seemingly essential laws on leasehold, ownership, and land were adopted. In reality, only the law on leasehold gained significance. This obscured or omitted the crucial issue of private ownership. In the summer of 1990, a statute on joint-stock companies, another on securities, and a decree on small enterprises were added. At the same time, a State Property Fund was set up, designed to handle the transformation of ownership. Commercial banks have arisen by the hundreds on the basis of the Law of Cooperatives of May 1988.

The two types of ownership that have aroused the greatest popular controversy are private farms and independent cooperatives. Joint-stock companies and cooperative commercial banks have been readily accepted so far, although it is obvious that they are means for the party *nomenklatura* to transfer state wealth to themselves, approximately as has been the case in Poland and Hungary.[143]

The Shatalin program advocated a large-scale land reform and said that any farm worker should be allowed to leave his collective or state farm with his share of the land and other assets. One-fourth of the collective and state farms were unprofitable. The Shatalin group wanted to liquidate them and distribute their assets to private farmers.

[137] *Izvestiya*, Nov. 27, 1990.
[138] Ibid., Jan. 28, 1991.
[139] *Pravda*, Sept. 18, 1990.
[140] The relevant parts of the two programs are Draft Government Program, pp. 12–22; and Shatalin Program, pp. 5–7, 66–81, 172–76. For an excellent overview of privatization issues in the reform, see Philip Hanson, "Property Rights in the New Phase of Reforms," *Soviet Economy*, No. 2, 1990, pp. 95–124.
[141] See, e.g., Irena Grosfeld, "Prospects for Privatization in Poland," *European Economy*, No. 43, March 1990, pp. 139–50.
[142] *Pravda*, Dec. 14, 1989.
[143] Grosfeld, loc. cit.



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Gorbachev has vacillated. In September 1990, he underlined what a difficult and fundamental issue private ownership of land was and advocated a referendum.[144] By the end of November, however, Gorbachev had discarded private ownership of land definitively: "I, for instance, do not accept private ownership of land whatever you do with me."[145] Possibly, this was an attempt (unsuccessful) to stave off the adoption by the Russian republic on December 3 of a law allowing private ownership of land. Later in December, Gorbachev returned to his prior stand, and the Congress of People's Deputies decided to undertake a referendum on the issue. Ryzhkov remained adamantly opposed to private agriculture: "We cannot agree to the proposal that focuses on peasant farms, the introduction of private ownership of land. . . ." In particular, he has expressed himself as opposed to the dissolution of unprofitable collective and state farms.[146]

An opinion poll found that the public favored free sales of land to private individuals. The least support was registered in the Russian villages, with 42 percent in favor and 46 percent opposed; the corresponding figures in small Russian towns was 70 percent for and 16 percent against.[147] Chairmen of *kolkhozy* and *sovkhozy* represent a formidable conservative bloc opposed to sale of land. Effectively controlling the countryside, they also number almost one-fifth of the deputies of the USSR Congress of People's Deputies.

Cooperative ownership is also controversial. Cooperatives have shown an entrepreneurial vitality that few in the USSR could have imagined; they also have been the locus of real or alleged economic crime. Public opinion is passionate but divided on this subject. An extensive opinion poll in the summer of 1990 found that 41 percent wanted to let cooperatives develop, while 31 percent wanted to close them down altogether.[148] A particular nuisance from the official perspective has been cooperatives attached to state enterprises, which serve as a means of transforming account money into currency and tend to boost pressures for higher wages. But the fact that cooperatives employ some 6.2 million (about 4 percent of the work force) has constrained officials from acting too precipitately. Nevertheless, they have amended the May 1988 Law on Cooperatives several times, invariably in a restrictive direction.[149]

By year's end, it was clear that the government and the President were not about to preside over the enshrining of capitalism in the Soviet Union. Gorbachev has made clear that he accepts private enterprise only on a small scale in certain limited sectors: "It will be decisive only in certain spheres, where the cooperative and state sectors do not work as necessary."[150] Thus, capitalism is very far from Gorbachev's mind. (Indeed, the granting of expanded powers to the KGB in January 1991 to investigate the books of all economic entities suggests that the climate for cooperative and private enterprise is rapidly worsening.)

## Gorbachev's Failure

It is very likely that September-October 1990 will stand out as a crucial turning point for Gorbachev from both a political and an economic point of view. Whatever the faults of the Shatalin program, it signified an understanding of the need for a radical change of economic system and the forging of a new kind of relationship among the constituent republics of the Soviet Union. If the economy is in steep decline, gradualism equals a prolongation of economic suffering, and a swift change of system is necessary for the population's welfare, which can only be boosted by future capitalism. As far as principles and basic intentions are concerned, it is difficult for a Western market economist not to side with the Shatalin program on all the major points of dispute, although this does not mean that the program offered would have proved fully functional.[151]

In September 1990, President Gorbachev possibly had the option of a tentative resolution of the national crisis together with an initial cure of the economic crisis. However, he failed on both accounts, because he was not prepared to accept a diminution in his own power, the weakening of the Union, and large-scale privatization. The window of hope closed in October.

After such a spectacular failure, Gorbachev can expect little mercy in his country or in history. His popularity is dwindling, with an approval rating of only 21 percent in October 1990. It no longer seems possible to control the budgets or national tensions by peaceful means. Hyperinflation seems plausible, and it will bring about a sizable decline in the national income.

In most ways, the USSR in the winter 1990–91 resembles Poland during the winter of 1981–82, though the problems are far worse in the USSR, especially because of the national complications. Still, in the same way as that Polish crisis broke communism for good in

[144] *Pravda*, Sept. 18, 1989.
[145] Ibid., Dec. 1, 1989.
[146] Ibid., Sept. 12, 1989.
[147] *Izvestiya*, Nov. 12, 1990.
[148] *Izvestiya*, Sept. 7, 1990.
[149] Ibid., Oct. 12, 1990; *Pravitel'stvennyy Vestnik*, No. 47, 1990.
[150] *Pravda*, Dec. 2, 1989; see also ibid., Sept. 18 and Dec. 1, 1989.
[151] Here I very much share the views expressed by Ed A. Hewett in "The New Soviet Plan," loc. cit.



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Poland, the current crisis is likely to bring an end to the system created by Lenin and Stalin in the Soviet Union.

As 1991 began, the Soviet stage appeared set for authoritarian rule under the aegis of Mikhail Gorbachev. He has forged a new conservative alliance with the military, the KGB, and the military-industrial complex. The cumbersome, more or less democratic, fora that he established lack any real power. Much of the old policy-making apparatus, notably the CPSU, has been weakened, but few new executive organs have been created, apart from the Presidency. As a result, executive powers are falling into the lap of the surviving government ministers. The true democrats and reform economists have departed from Gorbachev's administration.

Having devastated Soviet finances, as First Secretary Edward Gierek did Poland's finances, Gorbachev seems to be rehearsing for the role of General Wojciech Jaruzelski. However, where Jaruzelski tried to placate reformers (unsuccessfully), Gorbachev's current tack is to placate conservative party members, who see him as the spoiler of their paradise lost. To them, it is not consolation enough that Gorbachev characterizes the situation as "a quiet counterrevolution" and talks of "fighting to the death as at [the battles of] Moscow and Stalingrad."[152]

The obvious authoritarian agenda would be to restore political and economic order by force. Thus, the republics would be compelled to accept whatever the President would care to offer them. The introduction of regular and internal security troops in the Baltic in January seems a logical first step on such an agenda.

Jaruzelski attempted an economic reform at the outset of 1982. In that year, the Polish price level rose by 101 percent, and the average "real wage" fell by 25 percent.[153] It would be natural if Gorbachev tried something similar in the USSR. Rumors about currency reforms have circulated throughout the period of *perestroyka,* and Gorbachev has repeatedly hinted at extraordinary means of financial stabilization, for instance: "It is necessary to have such means as a reserve, that if the intended plan of action does not work and we are unable to stabilize the situation, then it is necessary to introduce even more severe measures."[154] In January 1991, the shoe dropped as the the Soviet government eliminated 50- and 100-ruble notes as legal tender and required holders of such bills to prove that they had been legally earned before being allowed to exchange them for legal tender.[155] The official claim was that the total circulation of such bills amounted to 48.2 billion rubles and that the money supply would be reduced by 26 billion. However, the currency reform was a miserable failure: a mere 8 billion was confiscated (that is just over 1 percent of M2).[156]

Jaruzelski's success was limited. Economic decline was replaced by moderate growth, but the market could not function so long as public ownership predominated and political power was strictly controlled. The worst crisis was averted, but the 1980's were a lost decade for Poland. The only light was offered by the eventual transition, first to democracy, and then to a market economy.

Poland's experience demonstrates that no financial aid to a communist country can be effective until that country becomes a democracy, opts for capitalism, and launches a program for rapid transition to a market economy and privatization. Gorbachev no longer stands for democratization and marketization, but the opposite. Moreover, the Soviet economy currently constitutes a black hole incapable of utilizing any resources efficiently; no long-term development is feasible. Finally, one does not support an alcoholic by giving him free drinks; one must help him sober up. The Soviet economy remains intoxicated by cheap resources, and it needs sobering up. The only assistance of any use that the West can offer at this point is a maximum of intellectual exchange and training. This could prove useful when the Russian bear reawakens from its impending authoritarian hibernation.[157]

[152]*Pravda,* Dec. 1, 1990.
[153]*Rocznik statystyczny 1985,* p. xxxvii.
[154]*Izvestiya,* Nov. 3, 1990.

[155]Prime Minister Pavlov indicated that the ruble notes involved account for one-third of the money in circulation. See Esther B. Fein, "Soviets Withdrawing 33% of Currency," *The New York Times,* Jan. 23, 1991. According to this account, an intergovernmental commission comprised of the Interior Ministry, the KGB, and the Finance Ministry will have "extraordinary authority" to monitor compliance with the new measures, including the right to take over banks.
[156]*Financial Times* (London), Feb. 1, 1991.
[157]The international study of the Soviet economy takes a similar stand. See IMF-IBRD-OECD-EBRD Report, p. 47.



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# The 1989 Revolution and Romania's Future

**Matei Calinescu and Vladimir Tismaneanu**

More than four decades of harsh communist rule in Romania came to an abrupt end on December 22, 1989. On that day, the wave of popular anger that started in mid-December in Timişoara reached its climax in Bucharest and in a matter of hours swept away the Nicolae Ceauşescu regime and with it the Romanian Communist Party (RCP) as a formal organization. Such a popular uprising would have been unthinkable a few months or even a few weeks before. Indeed, many Romanians regard the events as "the miracle of December."[1]

Seen in a broader international context, however, the dramatic events of December 1989 in Romania become somewhat less miraculous and more comprehensible. After the October-November events in East Germany, including the spectacular collapse of the Berlin Wall on November 9, 1989, and the "velvet revolution" in Czechoslovakia, it became clear that Mikhail Gorbachev's Soviet Union had renounced the Brezhnev Doctrine both in word and in deed, and that it would not intervene in Warsaw Pact countries to prop up crumbling communist regimes. Moreover, the situation in Romania was explosive: the population was desperate, the economy was a shambles, and the dictatorial-personalistic regime of Nicolae and Elena Ceauşescu, based primarily on repression, was structurally fragile. As the world was soon to discover, a spark was enough to ignite the whole edifice.[2] The question that remains to be answered is: was that edifice destroyed in the conflagration? or has the whole thrust of the revolution been abducted, with significant elements of the old structure retained under somewhat different guise?

## Ceauşescu's Last Days in Power

The Romanian revolution began in Timişoara, sparked by the courage of one man, the Reverend László Tőkés, a pastor of the Reformed (Calvinist) Church and a member of the Hungarian ethnic minority. Despite repeated harassment by the Romanian secret police, the Securitate, Tőkés had been an unyielding

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[1]The poet and former dissident Mircea Dinescu, the first to speak on liberated Romanian TV on December 22, began his statement announcing Ceauşescu's overthrow with the words: "God has turned his face toward Romania again." See Robert Cullen, "Report from Romania," *The New Yorker* (New York), Apr. 2, 1990, p. 104.

[2]For an analysis of the explosive political situation in Romania before the December uprising, see Vladimir Tismaneanu, "Personal Power and Political Crisis in Romania," *Government and Opposition* (London), Spring 1989, pp. 177–98. For different but converging interpretations of the political and moral decay of the Romanian leadership during Ceauşescu's last years in power, including the nauseating pageants of the cult of personality and the extreme concentration of power in the hands of the Ceauşescu clan, see J. F. Brown, *Eastern Europe and Communist Rule*, Durham, NC, and London, Duke University Press, 1988, pp. 274–82; Mark Almond, *Decline Without Fall: Romania Under Ceauşescu*, London, Institute for European Defence and Strategic Studies, 1988; Mary Ellen Fischer, *Nicolae Ceauşescu: A Study in Political Leadership*, Boulder, CO, and London, Lynne Rienner Publishers, 1989, pp. 224–70; and Jacques Rupnik, *The Other Europe: The Rise and Fall of Communism in East-Central Europe*, New York, Shocken Books, 1989, pp. 150–58.



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advocate of human and religious rights. When official manipulation and pressure forced his bishop to transfer him to another parish in a smaller town, Tőkés decided to disobey the eviction notice. On December 15, people from Tőkés's congregation, spontaneously joined by Romanians, Serbs, and people of other ethnic groups, formed a swelling crowd around his church to block the scheduled eviction. The next day, the Communist mayor of Timişoara, summoned by nervous Securitate officials, failed to persuade them to disperse. The mood of the crowd was increasingly defiant, but it was not until Tőkés himself (obviously under duress) told his supporters to go home that the first cries of "Down with Ceauşescu!" were heard. During the night of December 16–17, the city was virtually taken over by anti-Ceauşescu and anticommunist demonstrators, including students of Timişoara University and Timişoara Polytechnic and massive groups of workers. A religiously-inspired act of civil disobedience had thus triggered a full-blown political rebellion against one of the most tightly controlled authoritarian societies in the world.[3]

On December 17, on orders from Ceauşescu,[4] security forces cracked down on the Timişoara demonstrators with lethal force. On the same day, news of the Timişoara uprising and its bloody repression reached Budapest, Belgrade, and Western capitals. Immediately, Radio Free Europe, the BBC, Deutsche Welle, and other stations broadcast the story back to Romania. From this moment, the fate of the Ceauşescu regime was sealed, although the dictator did not seem to recognize it, leaving on December 18 for a scheduled official visit to Teheran.

How could Ceauşescu have been so blind to the myriad signals announcing the imminent revolt against his Draconian rule on the part of the increasingly disaffected party, military, and police bureaucracies? After all, in March 1989, the dictator had been challenged by a group of six party veterans, including two former general secretaries (Gheorghe Apostol and Constantin Pirvulescu), in an open letter vehemently critical of Ceauşescu's erratic rule.[5] Moreover, the Timişoara uprising came in a period when Ceauşescu's closest allies in the Warsaw Pact—Todor Zhivkov, Erich Honecker, and Milos Jákes—had been overthrown. Isolated in the empire of his delusions, a hostage of an extreme cult of personality and a subservient entourage, Ceauşescu ignored reality and believed the fantasies codified in party documents, including slogans about the monolithic unity between the Romanian nation and its *conducator*.[6]

Back in Bucharest, Ceauşescu made what many Romanians regard as a colossal blunder: on December 20, he addressed the nation on radio and television, blaming the events in Timişoara on "hooligans" and "fascists" instigated from abroad. He claimed: "On the basis of data available so far, one can say with full conviction that these actions of a terrorist nature were organized and unleashed in close connection with reactionary, imperialist, irredentist, chauvinist circles, and foreign espionage services in various countries."[7] The General Secretary praised the army and the Securitate for their "utmost forbearance" before having taken action, and in so speaking, he took personal responsibility—as supreme commander of the Romanian armed forces—for the savage massacre. His stern warning that demonstrators in other places would be fired on was seen as both a confirmation of the horrifying news about the Timişoara blood bath and a humiliating challenge to a restless, edgy, deeply frustrated population.[8] This was perhaps the magic moment when, in the consciousness of many Romanians, the threshold of

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[3]For a detailed account in English of the revolution in Timişoara, see Vladimir Socor, "Pastor Tőkés and the Outbreak of the Revolution in Timişoara," Radio Free Europe, *Report on Eastern Europe* (Munich), Feb. 2, 1990, pp. 19–26.

[4]A transcript of the December 17 emergency meeting of the Political Executive Committee of the Romanian Communist Party, published after the revolution, shows that Ceauşescu himself ordered the massacre. See *Romania Libera* (Bucharest), Jan. 10, 1990. As a model, Ceauşescu clearly had in mind the Tiananmen Square massacre ordered by the Chinese leaders in June 1989, an action that Ceauşescu had publicly praised at the time. On various occasions, Ceauşescu spelled out his adamant opposition to any form of liberalization. His Stalinist views were clearly formulated in the speech he delivered to the RCP Central Committee on June 28, 1989. See Michael Shafir, "Eastern Europe's Rejectionists," Radio Free Europe Research, *RAD Background Report* (Munich), RAD/121 (Eastern Europe), July 3, 1989, pp. 1–6.

[5]See Vladimir Tismaneanu, "The Rebellion of the Old Guard," *East European Reporter* (London), Spring/Summer 1990, pp. 23–25.

[6]A particularly telling document in this respect was Ceauşescu's report to the 14th RCP Congress, in which he lambasted reformist trends within world communism and proclaimed, more emphatically than ever, the "monolithic unity of the whole Romanian nation around the Romanian Communist Party and its General Secretary." See *Scînteia* (Bucharest), Nov. 21, 1989.

[7]See "Speech by President Nicolae Ceauşescu on Romanian Radio and Television Stations in Bucharest on 20 December," in Foreign Broadcast Information Service, *Daily Report: East Europe* (Washington, DC—hereafter, *FBIS-EEU*), Dec. 21, 1989, p. 66.

[8]The initial rumors of thousands of dead in Timişoara turned out to be exaggerated, but the conditions for such gruesome hyperbole had been created by the regime's own systematic policy of misinformation and spreading suspicion through terror and terror through suspicion. At his secret trial, Ceauşescu was accused of genocide—the death of over 60,000 people. See "Transcript of the Closed Trial of Nicolae and Elena Ceauşescu," *The Washington Post*, Dec. 29, 1989. Weeks later, at the trial of four of his closest advisers, the official figure of dead was revised downward to less than 700. See "More on Ceauşescu Aides' Trial Testimony," *FBIS-EEU*, Feb. 6, 1990, p. 61.

Massacres of civilian demonstrators, however, did take place in Timişoara on December 17 and, a few days after, in several other cities, including Bucharest, Cluj, Sibiu, and Braşov. Any serious efforts to establish the real number of victims, and those responsible for the killings, were sabotaged by the National Salvation Front in an attempt to whitewash the crimes of the Securitate and generally promote political amnesia.



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fear was crossed: revulsion, moral indignation, outrage, and contempt suddenly became stronger than fear.

Ceauşescu's second, even more astonishing blunder was his decision to organize a huge demonstration of popular support for his rule similar to the one staged only a month before, after the eerie "non-event" of the 14th RCP Congress.[9] But the tens of thousands of people herded by the Securitate and assorted party bosses into Palace Square to acclaim Ceauşescu on the morning of December 21 were a highly volatile crowd, a people on the brink of rebellion. Romanian, and quickly, world television captured the tyrant's incredulousness and anger as the cheering multitude suddenly began to boo him, and the ritual chants of "*Ceauşescu si poporul!*" ("Ceauşescu and the people!") changed to "*Ceauşescu dictatorul!*" ("Ceauşescu the dictator!"). Whether, as some later claimed, the switch from simulated praise to sincere contagious abuse was triggered by members of the Securitate acting under instructions from higher-ups in the same institution who had secretly decided to get rid of Ceauşescu, we may never know.[10] At any rate, millions of viewers witnessed large numbers of people screaming against the dictator on live TV. The image of the dictator waving his arms in bewilderment was then extinguished—though Elena Ceauşescu's voice could still be heard for a few seconds saying "Be calm! Be calm!"—and the broadcast was interrupted for three long minutes. When live transmission resumed, Ceauşescu was seen making lame promises—such as a rise in the minimum wage—to calm the angry crowd. But power had already slipped from the balcony of the Central Committee building to the street.

There followed a sequence of revolutionary events: a string of student demonstrations in University Square, which went on through December 22, in spite of bloody repression; spontaneous anti-Ceauşescu marches through the streets of Bucharest, in which hundreds of thousands participated; the seizure of the TV station with the help of army units that switched sides and supported the popular uprising. Virtually all the participants experienced feelings of extraordinary elation and even ecstasy, which were described in an avalanche of interviews, declarations, and statements published by the suddenly liberated media.[11] The resistance put up by isolated units of the secret police between December 22 and Christmas Day, when Ceauşescu and his wife were executed, provided a dramatic background to the popular euphoria but could not essentially affect the near-universal sense of relief, enthusiasm, and hope sweeping the country.

As soon as the Ceauşescus fled the Central Committee building by helicopter on December 22, around 11 a.m., hundreds of demonstrators seized the party headquarters. Several hours later, Romanian TV broadcast the first statement of a newly created National Salvation Front (NSF). Among those of its leaders who appeared on the television screen, one could identify former party bureaucrats like Ion Iliescu and Martian Dan, as well as dissidents like Radu Filipescu and Mircea Dinescu. The Front claimed to be a spontaneous emanation of the revolutionary movement from below and pledged to establish full democracy in Romania. In its first statements, the NSF pledged to dismantle all the institutions of the old regime but failed to indicate

[9]We call the congress a non-event because it did nothing but reconfirm the party's role as a mere appendage of Ceauşescu's power system. The "discussions" of the Central Committee "Theses" prepared for the congress consisted of ritualistic references to Ceauşescu's "brilliant helmsmanship." For the "Theses," see *Scînteia*, July 5, 1989. The unanimous "elections" to the party's ruling bodies, without even a minimal reshuffling of the Political Executive Committee, highlighted the complete paralysis of the party and the total absence of any anti-Ceauşescu coalition within the highest echelons. The congress ended on November 24 with the thousands of delegates rhythmically chanting "Ceauşescu Heroism! Romania Communism" and the General Secretary solemnly pledging that "By the beginning of the third millennium, we will be ready for the next stage, which is communism." In the words of an American observer, Ceauşescu's pathetic ardor had something of "the energy and emotion of a fundamentalist preacher." See Alan Riding, "In Romania, the Old Order Won't Budge," *The New York Times*, Nov. 25, 1989. For Ceauşescu's major speech at the congress, see *Scînteia*, Nov. 21, 1989.

[10]After the December revolution, the Western press and a number of Romanian magazines published reports that the Securitate (as well as the Soviet KGB) had been involved in initiating the anti-Ceauşescu demonstrations. See, for instance, Olivier Weber and Radu Portocala, "Romania: Revelations about a Plot," *Le Point* (Paris), May 21, 1990, pp. 42–49. Most of the information in these articles cannot be verified, although it seems likely that some high-ranking Securitate cadres might have been part of an anti-Ceauşescu conspiratorial network (on which more below).

[11]Freedom of the press became a real possibility as of December 22, but its realization has been uneven. Free Romanian Television, as Romanian TV was renamed on December 22, was largely free and credible in its reporting of the revolution, whose actions it actually helped coordinate. But high-level censorship and control of information continued to exist (for instance, regarding the Ceauşescu trial and execution, or regarding high-ranking members of the National Salvation Front and key decisions of its Executive Council). Less than a month after the revolution, attempts by the Front to manipulate the TV news programs became more evident, and there were calls for a genuinely free television. See Crisula Stefanescu " 'Free Romanian Television' Losing Its Credibility," *Report on Eastern Europe*, Mar. 23, 1990, pp. 24–28.

By contrast, the print media became highly diversified. Some newspapers were clearly controlled by the Front (*Adevarul, Dimineata, Tineretul Liber*), but there were also genuinely independent ones (such as *Romania Libera*). By mid-April, as reported in *The New York Times* of Apr. 21, 1990, more than 900 newspapers and journals were being published in Bucharest alone. Most of these were genuinely independent, but they had a very small circulation (print runs and distribution continued to be controlled by the government), and their precarious existence, according to *The New York Times*, did "not stop many [Romanians] from complaining loudly about the lack of freedom of the press."



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what sort of institutions would replace them.

Despite the violence attending the first days of the revolution—less widespread than at first thought—the revolutionary feast lasted well into the first days of January 1990, when disappointment and mistrust in the new government, the self-appointed National Salvation Front, started to set in.

## Mysteries of the Revolution

The December Revolution generated a number of mysteries, particularly about the circumstances of the death of Ceauşescu and his wife, and the provenance of the National Salvation Front.

***The Ceauşescus' "trial" and execution.*** An observer removed from the events might have fathomed a good bit regarding the intentions of the NSF by exploring the mysterious circumstances surrounding the reported trial and execution of Nicolae and Elena Ceauşescu on Christmas Day, 1989. Although an NSF spokesman had promised a public trial when the Ceauşescus were captured on the morning of December 22, three days later it was announced that a secret military tribunal had sentenced the two Ceauşescus to death and that they had been executed immediately. The rapid trial and execution of the Ceauşescus, the NSF argument went, saved many lives by making Securitate "terrorists" loyal to Ceauşescu stop fighting for a lost cause and surrender. In hindsight, however, one can see that this resistance was much more sporadic and less intense than suggested in some spectacular footage shown on television, which concentrated on the burning of the central university library in Bucharest and the extensive damage to the art museum located on the second floor of the old Royal Palace. When no "terrorists" were brought to justice or otherwise heard about, the public began to doubt their very existence.[12]

In a sense, the good news of the tyrant's death was clouded by the circumstances surrounding it. Instead of a pure revolutionary tyrannicide, the people of Romania were witness to what appears to have been a case of pseudo-judicial murder. Disturbing details emerged after the execution suggesting that the death sentence had been imposed by key NSF leaders on December 24—i.e., the day before the putative trial started.[13] The way the heavily and secretly edited video tape from the trial was released, fragmentarily and with huge unexplained gaps (from a trial that lasted approximately nine hours, only a total of 50-odd minutes was shown), raised serious suspicions about the candor of the Front. These were aggravated on April 22, 1990, when the government released a second video tape with a more detailed but still heavily edited version of the trial (this tape lasted 90 minutes), which was shown almost simultaneously on Romanian and French TV.[14]

The newer videotape lends credence to the hypothesis that the revolutionary upheaval was immediately followed by an anti-Ceauşescu coup organized by disenchanted members of the party, army, and Securitate bureaucracies.[15] It shows the faces of the members of the military tribunal that reputedly sentenced the Ceauşescus to death. In addition to the judges and the lawyers, one could recognize General Victor Atanasie

[12]For the communiqué announcing the trial and execution of the Ceauşescus, see *Adevarul* (Bucharest), Dec. 26, 1991. The charges against the two defendants included genocide (over 60,000 casualties); subversion of state power by encouraging armed violence; destruction of state property and damages to important economic and cultural institutions; subversion of the national economy; and attempting to flee Romania to use over US$1 billion deposited in foreign banks.

Interestingly, as the respected journalist Octavian Paler noted in an interview with the French newspaper *Le Monde* (Paris), Apr. 1, 1990, the harm done by the so-called Securitate "terrorists" (or Ceauşescu loyalists) may have been deliberately exaggerated: "There were certainly some fanatics. But the myth has been exaggerated, if not fabricated. . . . The myth of the 'terrorists' had two consequences: on the one hand, the revolution was masked, interrupted, as many people stayed at home; on the other hand, the authors of this masking got out of it the moral capital of having resisted the terrorists." Another hypothesis was that the army, which was defending the revolution, overreacted to fire from a few isolated snipers, destroying whole buildings trying to get at them. But then, as Paler pointedly asks: how does one explain the extensive damage to houses in the area where the TV building is located and the lack of any damage, and even of any bullet marks on the TV building itself?

In retrospect, the purpose of the reports of terrorism appears to have been to create apprehension among the populace and induce people to forgo further public demonstration against communism. It was used, in effect, to help the new power structure.

Later on, former dissident and NSF ideologue Silviu Brucan and former Defense Minister (during the first two months after the revolution) General Nicolae Militaru argued that the terrorists were members of a group of about 4,000 Securitate members drawn from specially trained units who, unlike the bulk of the Internal Ministry troops, remained loyal to Ceauşescu. These, plus 60 Palestinians in training at the Securitate bases, were said to be the shadowy "terrorists" of the revolution who engaged in bloody resistance. See interview by Darie Novaceanu with Silviu Brucan and Nicolae Militaru in *Adevarul*, Aug. 23, 1990; and Mark Champion, "Romanian Revolution Depicted as Planned Coup, Not Uprising," *The Washington Post*, Aug. 24, 1990.

The unresolved issue of the vanished "terrorists" was revived, but not resolved, in the July 5, 1990, issue of *Romania Literara* (Bucharest), which published an interview conducted in June by the newspaper's editor Nicolae Manulescu in which he directly raised the question with Ion Iliescu and the President pointedly failed to respond.

[13]See Michael Shafir, "The Revolution: An Initial Assessment," *Report on Eastern Europe*, Jan. 26, 1990, pp. 32–42; and Dan Ionescu, "Old Practices Persist in Romanian Justice," ibid., Mar. 9, 1990, pp. 44–48. For an early interpretation of the Ceauşescu trial and execution as an attempt by the party apparatus to cut its losses and preserve its hold on power in its new guise of the National Salvation Front, see Matei Calinescu and Nicolas Spulber, "In Rumania, an Old Stalinist Charade?" *The New York Times*, Dec. 30, 1989.

(Fns. 14 and 15 follow on p. 46.)



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*Elena and Nicolae Ceauşescu at their trial on December 25, 1989.*

**—Abbas/Magnum.**

Stanculescu, a first deputy minister of defense at the time of the trial and believed to be the liaison between the army and the Securitate. One of the last persons to talk to Ceauşescu on the morning of December 22, Stanculescu was in charge of security at the Central Committee building and presumably arranged for the escape of Ceauşescu and his wife by helicopter (and their subsequent capture and delivery to the military tribunal?).[16] One could also recognize Gelu Voican-Voiculescu, an enigmatic geologist with interests in oriental mystical doctrines who was supposed to have participated in the storming of the Central Com-

[14]This second version strengthened the impression of many that the Ceauşescus' trial had been a mockery of justice. See Michel Tatu, "Ceauşescu's Second Death," *Le Monde,* Apr. 24, 1990; and the article "The Drowned," signed with the initials T. D., in *Le Figaro* (Paris), Apr. 23, 1990.

After the second video tape appearance on French television, forensic experts claimed that certain key sections were faked. According to these experts, the Ceauşescu couple may have died not by firing squad, but from other causes. Their corpses could have been later propped up for a staged execution by firing squad which was videotaped some four hours after the actual death occurred.

Subsequently, it was rumored that Ceauşescu died of a heart attack during the trial or during a separate interrogation, possibly under torture. This rumor was judged newsworthy enough to be picked up by some French newspapers and by the American National Public Radio (May 13, 1990). If this were true, it would go a long way toward filling some gaps in the hypothesis of the French forensic specialists. For one thing, it would explain the need to stage the execution by firing squad. This might have been done to create an impression of legality. The trial was supposed to have come to a legal conclusion, the defendant found guilty, and the death sentence issued and carried out. If the dictator died indeed of a heart attack, Elena Ceauşescu, in a state of hysterical anger understandable under the circumstances, might have been killed on the spot, gangland style. The chief judge of the trial would have had to sentence two corpses to death!

For a judge, such an act would be tantamount to professional suicide. The actual suicide of General Gica Popa, the judge of the Ceauşescu trial, on March 1, 1990, was explained by the pro-Front newspaper *Adevarul* as due to a state of "mental unbalance." If the hypothesis suggested above is correct, the judge's suicide could have been an act of desperation by an essentially honest man who had been forced to go through a criminal charade.

[15]Signs of the emergence of a coalition to topple the Ceauşescu regime began to appear in November 1987, when veteran *apparatchik* and Marxist ideologue Silviu Brucan managed to smuggle out of Romania a statement criticizing the use of force against the workers' uprising in Braşov. See Edward Steen, "Moscow Seeks Its Own Men in Romania's Shadows," *The Independent* (London), Dec. 7, 1987.

[16]On General Stanculescu's possible role in the December events, see *Le Monde,* Apr. 26, 1990. According to an interview published in one of the



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mittee building on December 22, and Virgil Magureanu, a professor of Marxist political theory at the former "Stefan Gheorghiu" Party Academy and the man who had read the first official NSF proclamation on Romanian television after Ceauşescu's flight from Bucharest.[16]

Under the circumstances, it is not surprising that Ceauşescu viewed his "trial" as a form of vengeance perpetrated by a conspiratorial mafia, including both former associates and enemies. His fury against the "putschists" and his single-minded rejection of the legitimacy of the NSF-appointed tribunal was actually logical. His actions were those of a man kidnapped in the middle of the night, severed from all external information, and squarely faced with the most—for him—fantastic charges, uttered by persons who had long been his trusted accomplices.[17]

Direct involvement in the trial seemed to have enhanced a number of political careers. After serving for a brief time after the revolution as minister of economy, General Stanculescu in February 1990 replaced General Nicolae Militaru as minister of defense (to whose department the Securitate was now subordinate). Gelu Voican-Voiculescu became the number two man in Prime Minister Petre Roman's government, and in April 1990, Virgil Magureanu was appointed director of the newly created Romanian Intelligence Service (which replaced the Securitate).[18]

***Emergence of the National Salvation Front.*** A mystery as profound as that attending the Ceauşescu trial surrounds the origins of the NSF itself. Who appointed the original members of the Front or selected Iliescu as president and Petre Roman as prime minister? And according to what criteria? The answer that these people had been swept into power by a spontaneous revolutionary wave—as they self-servingly claimed—is hardly convincing. Had a genuine popular insurrection or revolution been abducted, at least temporarily, by the old party apparatus, relying now on elements that had protested the Ceauşescu regime or that had been in its disfavor? Did Moscow play any role?[19] Although no organized, intraparty opposition to Ceauşescu could exist under the repressive conditions of the dictatorship, informal contacts had been maintained and developed between members of various bureaucracies who were waiting for the popular uprising to do what they had not been able to achieve, i.e., to force Ceauşescu out of power.

To be sure, the original NSF Council included a number of genuine noncommunist dissidents ready to endorse its initial platform promising free elections, the establishment of a democratic system and, more broadly, the development of a civil society in Romania. But as the chasm between the Front's rhetoric and its Leninist practice became evident,[20] celebrated dissidents like human-rights activist Doina Cornea and poet Ana Blandiana resigned. Romanians began to realize that the new structure of power was in many ways a continuation of the old.

From the early moments of the revolution, it was obvious that "communism" per se was dead as a system of

most outspoken of Romania's new publications, *Cuvintul* (Bucharest), on Mar. 28, 1990, General Stanculescu admitted that he had been entrusted by Ceauşescu in the morning of December 22 with the protection of the Central Committee building. He was therefore the chief of the dictator's Praetorian Guard, and only his treason could explain the relative ease with which the army captured the Ceauşescus as they fled toward the network of fortresses, tunnels, bunkers, and other hideouts prepared over the years for precisely such an emergency.

[17]The authors owe to Ken Jowitt the metaphor of the kidnaped, confused hostage as a key to explaining Ceauşescu's seemingly outlandish conduct.

In a recent interview, Ceauşescu's son Nicu, arrested on December 22, 1989, and tried in Sibiu for the crime of genocide, maintained that his father's overthrow was the result of "a coup d'état that took place against the background of a revolution, or a popular revolt." See interview in *Zig-Zag* (Bucharest), Aug. 21–27, 1990.

Frustrated at their marginalization by the team of Ion Iliescu and Petre Roman, Brucan and General Militaru, too, have challenged the NSF's official version of Ceauşescu's overthrow, maintaining that a conspiracy against the former dictator had been initiated in the mid-1970's and that despite several setbacks and betrayals, by 1989 this plot had succeeded in gaining the support of most of the army and all of the Securitate's 25,000 regular troops. See the interview cited in fn. 11.

What remains to be clarified in this interpretation is the connection between the conspirators and the mass repression in Timişoara as well as the behind-the-scenes arrangements on December 22, 1989, when the Iliescu-Roman-Brucan troika emerged at the head of the recently created NSF. No less important, one is still puzzled by the role played by two key figures in the first three days of the revolution: General Stefan Guse, the Army's Chief of Staff (since dismissed from that position and assigned to a minor province), and General Iulian Vlad, the astute and utterly cynical chief of the Securitate, whose cooperation was initially accepted by the revolutionary leadership but who was then arrested upon Brucan's insistence (his trial, which opened in November 1990, was postponed, and he remains under arrest).

[18]According to reliable sources, Magureanu had been involved in anti-Ceauşescu activities since the early 1980's. As an associate professor of scientific socialism, he had the opportunity to establish close contact with party *apparatchiks* and political officers within the army and the Securitate. In mid-1989, he lost his job at the party academy and was reportedly forced to live outside Bucharest.

[19]See Michael Shafir, "Ceauşescu's Overthrow: Popular Uprising or Moscow-guided Conspiracy?" *Report on Eastern Europe*, Jan. 19, 1990, pp. 15–19.

[20]NSF ideologue Silviu Brucan argued that Romania's transition to democracy would take at least two decades—an interval during which a paternalistic regime was necessary to keep the nation together. By contrast, the outspoken journalist Octavia Paler emphasized the relevance of the country's democratic traditions and referred to the 1923 Constitution as the best guide for a speedy return to the rule of law. On the Brucan-Paler debate, see Celestine Bohlen, "A Veteran Leader Resigns in Bucharest," *The New York Times*, Feb, 5, 1990. On Brucan's political views, see Imre Karacs and Victoria Clark, "Brucan Dreams of Brain Power," *The Independent*, Jan. 29, 1990.



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government in Romania. But the party *nomenklatura*—except for the Ceauşescus, plus immediate members of their clan and their closest collaborators—were still around and held positions of power which they were not ready to abandon. When the Front leadership proclaimed its policy of abolishing one-party rule and allowing multiparty democracy, it offered the entire old party apparatus a model of instant conversion from Marxism-Leninism to "democracy," the "market," and, if necessary, even "Christianity." (The evident attempt of the National Salvation Front to appropriate the symbols of Romanian Orthodox Christianity seemed aimed at persuading the population of the NSF leaders had made a radical break with their communist past.)[21]

The move by the Front—which claimed not to be a party—to set itself long-term goals exceeding by far the mandate of a provisional administration, was alarming evidence of its intent to retain power indefinitely.[22] Already by late January 1990, the Front was taking for granted its triumph in the upcoming elections (originally set for April and eventually held on May 20, 1990).

As the NSF emerged as the presumed exponent of the nation's anti-totalitarian sentiments, the RCP disappeared without any solemn obituary or indictment. It was as if it had never existed, and many of its former leaders rushed to join the NSF bandwagon, hoping to preserve their privileges. Later, in November 1990, former Prime Minister Ilie Verdet and other retired bureaucrats formed a Socialist Labor Party that claimed to be the continuation of the RCP. Many analysts saw the formation of this reformed version of a Leninist party as a maneuver on the part of the NSF to dampen criticism aimed at its own communist heritage. Once there was a visible communist party, the NSF could pretend to be truly social-democratic.[23]

## The Ceauşescu Legacy

Unlike the other East European revolutions of 1989, the Romanian one was shockingly violent, even if the number of people who died in it was smaller than initially claimed. In part, this violence was a function of the country's failure to have undergone genuine de-Stalinization—the process of moving from the absolute rule of one man to the (slightly less absolute) rule of a party politburo. To outsiders, the distinction between these two forms of oppression may seem irrelevant, but it is very real to the people who have to live under them. Rule by a single absolute dictator in the mold of Stalin, Mao Zedong, Kim Il-song, Fidel Castro, or Ceauşescu means a rule unchecked and unmoderated in its arbitrariness, ignorance, and cruelty. A politburo, even one made up of cruel individuals, provides a moderating check against the worst depravities of any one member. Moreover, Ceauşescu not only monopolized power; he also "dynasticized" the Romanian party by appointing members of his clan to top party and government positions.[24] Hence, the wrath of the public was intensified by its focus on a single oppressor.

Nicolae Ceauşescu did not, of course, emerge out of the blue. He was the product of Romanian communist political culture,[25] and his excesses were merely a reflection of its never-abandoned Stalinist features. He climbed the career ladder within the RCP under the protection of Gheorghe Gheorghiu-Dej, the party's general secretary from 1944 until his death in 1965. Ceauşescu, who became a Politburo member in 1954, helped Gheorghiu-Dej forcibly collectivize agriculture and organize repeated anti-intellectual witch hunts. Under both Gheorghiu-Dej and Ceauşescu, the party suffered a painful inferiority complex: its leaders were perfectly aware that their coming to power—in 1944, as a group that then numbered no more than 1,000—was the result of Soviet diktat and that they lacked any genu-

[21]Iliescu and Roman embarked on ostentatious observance of Greek Orthodox rituals, and the official media incorporated religious symbols in their rhetoric, frequently implying that only people with different religious beliefs could question the new government's policies. For example, there were allegations that civic activist Doina Cornea's Greek Catholic religious affiliation explained her consistent criticism of the Front's policies. (Roman, himself, had a Jewish father and a Spanish Catholic mother, but argues that his conversion to Greek Orthodoxy qualifies him as a true exponent of the nation's aspirations.)

The former RCP newspaper, *Scînteia* (The Spark), reborn after the December revolution as *Adevarul* (The Truth) and now calling itself "an independent daily," replaced *Scînteia*'s atheistic propaganda with an unctuous, low-brow display of religiosity. Thus, it conspicuously featured every day, in large type to the right of the logo, a quotation from the Bible. Significantly, it saluted the removal of the huge statue of Lenin from the former Scînteia Square, renamed the Square of the Free Press (March 1990) and for its Easter 1990 issue (April 15), had "Christ Is Risen" superimposed across the first page in huge pink letters.

[22]See Dan Ionescu, "The National Salvation Front Starts to Implement Its Program," *Report on Eastern Europe*, Feb. 2, 1990, pp. 26–29.

[23]See idem, "The Communist Party Re-Emerges Under a New Name," ibid., Dec. 21, 1990, pp. 22–27.

[24]For a discussion of the political situation of Romania just a year or so before the revolution, see *Romania: A Case of "Dynastic" Communism*, New York, Freedom House, 1989. For the ramifications of the Ceauşescu clan and the multiple functions of the cult, see Vladimir Tismaneanu, "Byzantine Rites, Stalinist Follies: The Twilight of Dynastic Socialism in Romania," *Orbis* (Philadelphia), Spring 1986, pp. 65–90.

[25]For a more detailed view of Romanian communist political culture, see Vladimir Tismaneanu, "The Tragicomedy of Romanian Communism," *East European Politics and Societies* (Berkeley, CA), Spring 1989, pp. 329–76; and idem, "Understanding National Stalinism: A Comparative Approach to the History of Romanian Communism," The Woodrow Wilson International Center for Scholars, East European Program, Occasional Paper No. 25, September 1990.

For a comprehensive analysis of the Romanian political system under Ceauşescu, see Michael Shafir, *Romania: Politics, Economics and Society—Political Stagnation and Simulated Change*, Boulder, CO, Lynne Rienner, 1985.



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ine popularity and legitimacy in Romania. Perceiving Nikita Khrushchev's anti-Stalin campaign, initiated in 1956, as a serious threat to his continued rule, Gheorghiu-Dej tried to use Romanian nationalism to legitimate his regime and to this end defied Moscow's plans for Romania's economic integration within the Council for Economic Mutual Assistance. Instead of de-Stalinizing Romania, Gheorghiu-Dej merely de-Sovietized it.

However, toward the end of Gheorghiu-Dej's life, there were signs that Romania might become a second Yugoslavia. The country enjoyed a respectable rate of economic growth, and encouraging links with the West could have been used for a gradual dissolution of Stalinism. In 1964, Dej decided to release all political prisoners and start a cautious process of liberalization. Even national intelligentsia, which was viscerally anti-communist, applauded the RCP leadership's break with Moscow.[26]

Ironically, when Nicolae Ceauşescu took power in March 1965, it appeared he would de-Stalinize the party. He condemned the holding of political prisoners, deplored the abuses of the past, and instructed the Securitate to abide by the law. In April 1968, he rehabilitated Lucretiu Patrascanu—a former Politburo member, minister of justice, and Marxist thinker, who had been executed in 1954 on trumped-up charges of espionage. He also reinstated in the party many victims of Gheorghiu-Dej's purges and proclaimed—hypocritically as would soon become clear—the need to write a true history of both the party and the country. What looked like an incipient *glasnost' avant la lettre,* with Ceauşescu championing a version of reform communism, proved to be a mere ploy to consolidate his power, however. The General Secretary did continue to pursue a line in foreign policy independent from the Soviet Union, maintaining diplomatic relations with Israel after 1967 and vehemently condemning the Soviet invasion of Czechoslovakia in 1968. Ceauşescu depicted his opposition to Soviet expansionism as a heroic stance that entitled him to his nation's eternal gratitude and the West's unconditional support and assistance.

Initially, this posture won Ceauşescu plaudits and even aid from Western governments. In April 1968, Charles de Gaulle visited Romania and congratulated Ceauşescu for his alleged independence. In August 1969, Richard Nixon went to Bucharest, where he was triumphantly received by an increasingly self-enamored Ceauşescu. The myth of the maverick diplomat, the super-negotiator, and the only trustworthy communist leader was naïvely bought by many Western analysts, who glossed over Ceauşescu's growing dictatorial propensities. This image also strengthened Ceauşescu's hand at home, allowing him to portray Romanian dissidents as traitors who were weakening "national cohesion and unity" and were "objectively" helping Romania's alleged enemies—the Russians, Hungarians, Jews, and Americans. (For example, when Paul Goma launched his dissident movement in 1977, the official media branded him as an agent of the Soviet KGB, and very few Romanian intellectuals dared to support him.)

Ceauşescu's dictatorial inclinations were catalyzed by a trip in May 1971 to China and North Korea, which apparently inspired him to import into Romania the methods of indoctrination used during Mao's Cultural Revolution—including intensified political education, persecution of liberal intellectuals, vicious attacks on "cosmopolitan" forces, and an unbridled cult of the leader, including mass processions worshipping the President. This was as much a matter of personal preference as of long-term ideological considerations: Ceauşescu was trying to contain the spread of liberal ideas in Romania, curb growing intellectual independence, and deter students from emulating their rebellious peers in other communist states. He was also trying to consolidate his personal power and get rid of those in the apparatus who might have nourished dreams of "socialism with a human face," including former Ceauşescu protégé Ion Iliescu, then Central Committee secretary in charge of ideology. In July 1971, Ceauşescu published his infamous "theses" for "the improvement of ideological activity," a monument of obscurantism that was raised to the rank of the official party dogma at the November 1971 Plenum of the RCP's Central Committee.[27] What followed was a thor-

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[26]In the early days of the revolution of 1989, some former communists thought that it would be possible to go back to the quasi-liberalization started by Gheorghiu-Dej in 1964 and continued by Ceauşescu when he was consolidating his power and resume things from there. For them, the problem was only the last 20-odd years of the Ceauşescu dictatorship, not the entire four decades of communism. One interpretation of the revolution consistent with this point of view was proposed by Pavel Campeanu in "The Revolt of the Romanians," *The New York Review of Books,* Feb. 1, 1990. For a critique of this approach, see the Letter to the Editor by M. Calinescu, et al., published in ibid., Apr. 12, 1990.

For a brief two days after the revolution, the former editors of *Scînteia* changed the party daily's title into *Scînteia Poporului* (People's *Scînteia*). In the first issue of this short-lived attempt, Anghel Paraschiv, the former deputy editor-in-chief, sought to persuade his readers that the December revolution was seeking to remedy the "distortions" of socialism and not to replace the existing order.

[27]See *Plenara Comitetului Central al Partidului Comunist Roman, 3-5 noiembrie 1971* (The Plenum of the Central Committee of the Romanian Communist Party, November 3–5, 1971), Bucharest, "Editura politica," 1971, esp. the criticism of the CC ideological departments, on pp. 28–29.

In an interview in *Universul Romanesc* (N. Hollywood, CA), August 1990, pp. 1 and 5, Iliescu referred to his 1971 purge from the Central Committee Secretariat as the beginning of his awakening and gradual break with totalitarian ideology and practice.



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ough-going "re-Stalinization" and the emergence of an all-pervasive cult of personality around, first, Ceauşescu, and then after 1974, his equally autocratic wife, Elena.

Several thousand people in Romania—the hard core of his followers—came to believe the myth that Ceauşescu was the demiurge of national dignity and sovereignty. Above all, the myth was believed by his wife, who, after 1979, became his second-in-command and fostered his paranoid personality.[28] Many of Ceauşescu's initial supporters, party *apparatchiks* like Virgil Trofin, Iliescu, and János Fazekás, Prime Minister Ion Gheorghe Maurer, and Defense Minister General Ion Ionita, were marginalized or fired.

The only criterion for political success in Ceauşescu's Romania became unconditional loyalty to the president. Agitprop hacks engineered a deluge of encomiums, and Ceauşescu—a victim of the mechanism he had created—came to believe in his providential role as the "savior of the nation," the "hero of peace," "the genius of the Carpathians," "the Danube of thought," and "the most brilliant revolutionary thinker of all times."[29] In an attempt to ensure his political immortality, he promoted his youngest son, Nicu, to high party positions.

The dictator dreamed of leaving his imprint on the Romanian soul. He submitted Romanians to incredible humiliations by forcing them to simulate joy in times of utter poverty and despondency. He presided over the bulldozing of old Bucharest[30] and imposed the building of a giant palace, the epitome of monumental totalitarian kitsch.[31]

The principal underpinning of the Ceauşescu tyranny, and the sole explanation for its longevity, was the feared, omnipresent Securitate. (Ceauşescu converted the RCP into a passive body of almost 4 million members, whose sole duty was to worship him, or at least to pretend to do so.) The all-embracing police terror thwarted any consistent, organized attempt to launch democratic initiatives from below. In 1977, when coal miners in the Jiu Valley organized a massive strike, their leaders were captured by the Securitate and made to disappear permanently. Ten years later, in November 1987, when street demonstrations took place in Braşov, the Securitate intervened, order was restored, and the organizers vanished.

All sources of independent social life were suppressed. Prominent intellectual dissidents were forced into either external or internal exile. There was no possibility of engaging in anything similar to Czechoslovakia's Charter '77 or Poland's Workers' Defense Committee (KOR). After the regime quashed the barely incipient Goma movement and a parallel effort to start a free trade union in 1977, dissent was largely limited to courageous acts of individual defiance of the regime. Romania's civil society was almost completely paralyzed.[32] The consequences of this legacy for developments in Romania after the elemental eruption of the populace in December 1989 have been very serious.

Because of the long years of repression and the extremely sophisticated methods of terror, Romanians succumbed to a psychology of resignation and compliance with the powers that be. It seemed to them that Ceauşescu's rule was immutable, a kind of "ontological curse" on that nation. There were, of course, enclaves of autonomy, primarily in literary and artistic circles, but they were apolitical and anyway closely watched by the omnipresent Securitate. Civil society in Romania was, therefore, muzzled and mutilated.

## How Deep the Revolution?

With Ceauşescu dead and most of his main acolytes in jail, the question was how deeply the process of uprooting his regime would reach and how soon. Because

[28]See J. F. Brown's reference to Elena's power to "encourage the bad and stifle the good in her husband," in op. cit., p. 276.

[29]To exemplify the extent of this worshipping, we can refer to the North Korean–style titles of the addresses delivered at a special solemn session convened to celebrate Ceauşescu's 70th birthday on January 26, 1988: "The Decisive and Vital Role of the Party General Secretary and President of the Republic in Building the Greatest and Most Fertile Era in the Fatherland's History, the Nicolae Ceauşescu Era—Socialist Romania's Golden Epoch of Glorious Achievements and Bright Prospects for Socio-economic Development of the Fatherland and its Greater Prestige in the World," presented by Constantin Dascalescu, member of the Political Executive Committee (PEC) of the RCP Central Committee and prime minister; "Comrade Nicolae Ceauşescu's Monumental Social, Political, Economic, and Philosophical Work—A Brilliant Contribution to the Development of the Treasure of Revolutionary Thinking and Practice and to the Enrichment of the Golden Foundation of the Romanian and Universal Intellectual Life," presented by Manea Manescu, member of the PEC and vice president of the state council; "The Flourishing of Education, Culture, and Art in the 'Nicolae Ceauşescu Era'—An Expression of the Care Shown by the Party and Its General Secretary Comrade Nicolae Ceauşescu for the Comprehensive Fashioning of the New Man, With a High Patriotic Awareness and Developed Revolutionary Spirit, a Man Who Is Devoted to the Party and People and Is Consciously Building the New Society in Our Fatherland," presented by Suzana Gadea, candidate member of the PEC and chairman of the Council for Socialist Culture and Education, etc. See the information on the Romanian media coverage of Ceauşescu's birthday in *FBIS-EEU*, Feb. 3, 1988, pp. 21–23; and *Scînteia*, Jan. 24–27, 1988.

[30]For careful documentation of the destruction of historical monuments by Ceauşescu, with abundant photography, see Dinu C. Giurescu, *The Razing of Romania's Past*, Washington, DC, International Committee on Monuments and Sites, 1989.

[31]See Daniel Chirot, "Romania: Ceauşescu's Last Folly," *Dissent* (New York), Summer 1988, pp. 271–75.

[32]For a perceptive discussion of the failure of the working-class opposition and intellectual dissent to forge an alliance in Romania, see Walter D. Connor, *Socialism's Dilemmas: State and Society in the Soviet Bloc*, New York, Columbia University Press, 1988, pp. 171–73.



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the Romanian revolution had been a violent one, it was thought likely to be thoroughgoing: with its martyrs, it had strong momentum. However, the first signals coming from "postcommunist" Bucharest were mixed. For example, the first trials of Ceauşescu's henchmen were disturbingly reminiscent of Stalinist frame-ups rather than of the Nuremberg trials they were supposed to be modeled after.[33]

***The nature of the NSF.*** More important, the National Salvation Front, or more specifically, its Council, was led by a group of old communists, including Army and Securitate generals who had been instrumental in the anti-Ceauşescu coup. Its chairman, Ion Iliescu, had studied in Moscow in the early 1950's and had been a communist organizer among students there from the Soviet Union's East European satellite countries.[34] In that capacity, it is widely believed that Iliescu could have met Mikhail Gorbachev, then a Komsomol leader at Moscow State University, although after December 1989, Iliescu went out of his way to deny such a connection. In the late 1950's and early 1960's, Iliescu served first as chairman of the Romanian Union of Students Associations (UASR) and then as First Secretary of the Communist Youth Union (UTC). From these positions, he participated in various crackdowns on student unrest, including the mass arrests in 1956–58 and the suppression of the December 1968 demonstration in Bucharest. Promoted by Ceauşescu in 1969, he became a candidate member of the Political Executive Committee, the head of the party's Propaganda Department, and then the Central Committee's secretary in charge of ideological affairs.

Already in the UTC, Iliescu tried to promote his own political image and establish a network of influence. He surrounded himself with a circle of loyal collaborators recruited from the party intelligentsia and eager to link their political careers to his rising star. Among them, one of the most influential was Martian Dan, his successor as UTC first secretary, who after the December Revolution, emerged as the NSF Council's secretary.[35]

Soft-spoken and articulate, interested in sociology and political science, and definitely better equipped for leadership responsibility than most of the members of Ceauşescu's court, Iliescu seemed destined for a brilliant career. However, in the summer of 1971, he fell into disgrace because of his moderate opposition to Ceauşescu's initiation of a Mao-style "mini-cultural revolution" (in actuality, an attempt to restore full orthodoxy and to promote Ceauşescu's cult as the mainstay of the country's ideological life). Charged with "liberalism" and "intellectualism," Iliescu was sent to Timişoara as the secretary of the county party committee responsible for ideology. He did not, however, lose his Political Executive Committee candidate membership,

*Ion Iliescu, chairman of the National Salvation Front, who was elected president of Romania in May 1990.*

**—Gamma-Liaison.**

[33]See "Defendants' Final Statements," *FBIS-EEU,* Feb. 6, 1990, pp. 61–62, where Ceauşescu's closest associates went out of their way in slinging mud at their old boss.

[34]Iliescu was born in 1929 into a working class family. His father, Alexandru Iliescu, was an underground communist who after 1944, ran into an argument with the RCP leader Gheorghe Gheorghiu-Dej and was expelled from the party. The young Iliescu joined the Communist Youth Union as a high-school student in 1944 and was noticed as a promising activist by the organization's then first secretary, Nicolae Ceauşescu. In addition to Ceauşescu, Iliescu's patrons in the RCP ruling team were Paul Niculescu-Mizil and Virgil Trofin, two of the leading members of the "party apparatus group" that dominated the RCP between 1965 and 1971.

[35]Dan disappeared from the political scene after 1972 and kept a low profile as a lecturer in scientific socialism at the University of Bucharest. He is now the chairman of the Assembly of Deputies of Romania's parliament and reportedly one of Iliescu's closest associates. Another close collaborator of Iliescu, as deputy head of the Propaganda Department until 1971, was Gheorghe Badrus, an economist and former deputy editor-in-chief of Scînteia. Badrus served in the mid-1970's as Romania's ambassador to Moscow and then as a vice-rector of the "Stefan Gheorghiu" Party Academy. His current position is head of the press commission of the Romanian parliament.



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and by the end of the 1970's, he made a political comeback, being appointed first secretary in Iaşi, a politically sensitive county on the border with Soviet Moldavia. In the early 1980's, Iliescu got a ministerial job in Bucharest as the chairman of the National Council for Water Resources (his Moscow degree was in hydroenergetics) and left the Political Executive Committee. After 1983, he lost his seat on the RCP Central Committee and vanished from the political stage, serving until December 1989 as director of the Technical Publishing House.

The only time Iliescu publicly articulated views even obliquely critical of Ceauşescu's disastrous orientations was in a 1987 essay in the Writers' Union weekly *Romania Literara* deploring "voluntarist arbitrariness" and advocating a pragmatic leadership system.[36] Although written in an Aesopian style, this essay indicated Iliescu's reformist propensities. Presumably anti-Stalinist, he was far from being anticommunist. His models seemed to be Mikhail Gorbachev, Alexander Dubček, and János Kádár, and his ideal, a reformed version of the one-party system along the lines of "socialism with a human face." After coming to power, Iliescu did not hide these convictions, although he spoke of them rarely and without elaborating. Addressing workers in Bucharest on January 26, 1990, Iliescu engaged in a full-fledged attack against privatization and the danger of the country's sell-out to the West: "Currently, the market is dominated by the big international monopolies . . . . Therefore, privatization means to be taken over by foreign capital."[37]

In this, Iliescu was echoing the NSF's early ideologue, the veteran communist and former dyed-in-the-wool Stalinist, Silviu Brucan. On various occasions, Brucan has expressed his deep contempt for Western-type democracy. He was the author of the concept that the recent Romanian revolution was so original that its aftermath must necessarily be different from those of other East European countries. For Brucan as for Iliescu, the NSF is a supra-ideological body, a sort of mass party movement, a corporation of diverging but not necessarily incompatible interests. With such a "true exponent" of its interests, the nation has no real need for other parties to compete for power. Such parties would be, at best, coalitions of interest groups who should cooperate with the NSF in the rapid transition to an advanced industrial society, and at worst, subversive factors (i.e., back to Ceauşescu!).[38]

According to Brucan, the legitimacy of the NSF leadership derives from its central role in the December uprising: "It [the NSF] is a pluralistic organization consisting of people with diverse political and religious views. It includes different political forces and representatives of various social strata. These forces are united by common goals which we formulated on December 22 and 23 in the television center. It was there that we drafted and edited the Front's first communiqué and broadcast it. The communiqué does not even mention the Communist party, and this reflects the current state of affairs. . . . We think that such notions as socialism and communism have no real sense or basis in Romania today."[39]

Brucan maintains that communist parties have become obsolete primarily because of their reactionary social base and failure to comprehend the imperatives of the technological revolution. Indebted to the traditional Marxist theory of revolutions, he identifies the source of the 1989 turmoil in the growing "contradiction" between modern technologies and archaic social structures. Fascinated with computers and data banks, Brucan provides no room in his schemes for an analysis of the political causes of communism's debacle in this century.[40] In this respect, one could also mention that, apparently, it was Brucan who cooperated with Ili-

[36]See Ion Iliescu, "To Create and to Inform," *Romania Literara*, Sept. 3, 1987, p. 19.

[37]See "Iliescu Addresses Bucharest Workers 26 January," *FBIS-EEU*, Jan 29, 1990, pp. 101–02.

[38]In *World Socialism at the Crossroads: An Insider's View* (New York, Praeger, 1987), Brucan argued that pluralism in post-Stalinist societies did not mean the building of a multiparty system, but merely the development of democratic mechanisms within the communist party, which would play the role of a "collective intellectual." The book reflected Brucan's fascination with "reforms from above" and his deep distrust of independent social movements "from below." Although he has softened the most controversial points of this approach, Brucan has never renounced his belief that an enlightened vanguard could and should play the role of a "national pedagogue." Whether this vanguard was called the Romanian Communist Party or the National Salvation Front is apparently irrelevant to Brucan.

Brucan's calls for a new monopoly on power on the part of the NSF were echoed by the Front-controlled media. According to Darie Novaceanu, the editor of *Adevarul*, ". . . the NSF, a pure emanation of the December 22 revolution, remains the only viable force capable of preserving and maintaining the primary functions of the country and of Romanian society. Without its existence and work, a disaster would be difficult, if not impossible, to avert." See Darie Novaceanu, "Political Illiteracy," *Adevarul*, Jan. 26, 1990, translated in *FBIS-EEU*, Feb. 9, 1990, pp. 77–79.

The thesis of the NSF's spontaneus popular emergence was emphatically proclaimed by Ion Iliescu himself on January 23, 1990: "[N]obody can doubt the legitimacy of our movement. It was conferred on us by the people's revolution which gave birth to this movement." See "Iliescu on Election Participation," *FBIS-EEU*, Jan. 24, 1990, p. 66. The corollary to this thesis is that any endeavor to question the Front's decisions, let alone its legitimacy, amounts to an anti-national, subversive activity.

For a lucid examination of the NSF's political profile, see Dorin Tudoran, "The NSF . . . The Front of the Theft of National Salvation?" *Agora* (Philadelphia), July 1990, pp. 9–24.

[39]See the interview with Silviu Brucan in *New Times* (Moscow), English edition, Jan. 31, 1990, p. 21–22.

[40]See Silviu Brucan, "The Disintegration of the Communist Party in Eastern Europe," *Adevarul*, Feb. 21, 1990.



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escu in appointing the technocrat Petre Roman as the new prime minister in December 1989.[41]

***Alternative political groupings.*** In the meantime, however, due to the strong momentum created by the revolution and the new laws on associations that the Front felt compelled to pass, independent political groups started to form in Romania. Among them one could identify such historical parties linked to Romania's fragile interwar democracy as the National Peasant, National Liberal, and Social Democratic parties. The National Peasant Party was led by Corneliu Coposu, an old activist who had spent nearly two decades as a political prisoner after his party had been outlawed by the communists in 1947. The reborn party allied itself to a Christian group and immediately affiliated itself with the Brussels International of European Christian Democratic parties in order to avoid the extreme right-wing connotations that the term "Christian" has in the Romanian political context (it recalls the interwar anti-Semitic League for National Christian Defense led by A. C. Cuza). The revived National Liberal Party—committed to the development of a free market and rapid privatization of both industry and agriculture—was initially less strong in terms of membership and organizational structure. It was led by Radu Campeanu, a former political prisoner and then an expatriate who returned from Paris in the first days of the revolution. The third historical party, the Social Democrats, led by Sergiu Cunescu, suffered the handicap of being perceived as a party of the Left in a country where Marxism was synonymous with disaster.

By mid-April, more than 60 other political parties had been registered—most of them bound to disappear quickly. Several, including two ecological groups, appeared to have somewhat better chances of survival. An intellectually and politically interesting organization, which saw itself not so much as a party but as an impartial arbiter of political life in the fledgling Romanian democracy, was the Group for Social Dialogue (GSD). The GSD expressed its views in the incisive weekly *22* (named for the date of the triumph of the revolution, December 22). This publication offered perhaps the most cogent critique of the January 1990 decision of the "caretaker" NSF to run its own candidates in the upcoming elections; it accused the NSF, despite its vocal protestations to the contrary, of being in fact a reincarnation of the old RCP.[42]

To dispel suspicions about their hidden agenda, the Front leaders went out of their way to emphasize their anticommunism. On January 12, 1990, Iliescu announced that the NSF Council would issue a decree-law to outlaw the RCP. (In fact, however, Iliescu rescinded the decree a day later, and a promised referendum on the issue never occurred.) Attempting to project an image of supporting a "humane version of socialism," the NSF pledged in its official platform a break with the totalitarian system of the previous decades and with "the ideology characteristic of that system" (the term Marxism-Leninism, by now totally compromised, was not even mentioned).[43]

***The Timişoara Proclamation.*** In refutation of the NSF's claim to legitimacy, representatives of a variety of workers' and students' associations met in a mass gathering on March 11, 1990, in Timişoara—the cradle of the Romanian revolution—to adopt the so-called Timişoara Proclamation. This 13-point political platform marked a watershed in Romania's struggle for democracy. It was the most mature and comprehensive for-

[41]At the time of the December revolution, Petre Roman was associate professor of hydraulic mechanics at the Bucharest Polytechnical Institute. Son of the late Valter Roman—a former Spanish International Brigade veteran and Comintern operative, and an RCP Central Committee member until his death in 1983—the younger Roman received his doctoral degree from the Polytechnical School in Toulouse (France). In the early 1980's, he participated in an informal research group on the scientific and technological revolution organized by his father, who was then the director of "Editura politica," the RCP publishing house. The group included, among others, Ion Iliescu and Emil Draganescu, a Polytechnical Institute professor who was to serve as a vice-premier in Roman's first post-revolutionary government.

The senior Roman had, while in Moscow exile during World War II under the real name Ernest Neuländer, served as director of the Romania Libera (Free Romania) broadcasting station, a propaganda outfit directly subordinated to the Comintern. After the war, he returned to Romania as a senior officer in a Soviet-formed and Soviet-controlled division of former Romanian prisoners-of-war "re-educated" in Stalin's camps, and became the chief of staff of the Romanian Army and subsequently minister of telecommunications; he was purged in the early 1950's as a Titoist. Rehabilitated after Stalin's death, Valter Roman ingratiated himself with Gheorghe Gheorghiu-Dej, who used him as the "contact" person with the exiled Imre Nagy government that had taken refuge in Romania after the crushing of the Hungarian revolution. (The authors owe special thanks to Miklós Vásárhelyi for the information about Valter Roman's role in the interrogation of Nagy's exiled government, conveyed in a September 1989 interview with Vladimir Tismaneanu.)

Queried by *Le Figaro* about his connections with the old regime's *nomenklatura*, Petre Roman replied: "What does son of the *nomenklatura* mean? It is so vague and narrow. My father was an anti-Stalinist. It was only after Stalin's death that he became a director of political publications." Translated in *FBIS-EEU*, May 2, 1990, p. 20. This statement simply ignores Valter Roman's central role in the communist takeover of Romania, as well as his involvement in a number of murky episodes like the interrogation of Nagy and his associates.

[42]See, for example, Stelian Tanase's editorial "What Is Tomorrow Going to Look Like?" *22* (Bucharest), Mar. 9, 1990.

On the GSD's objectives, see the "Declaration of Principles of the Group for Social Dialogue," *East European Reporter*, Spring/Summer 1990, pp. 36–37; and the interview with Group member, sociologist Alin Teodorescu, ibid. pp. 38–39.

[43]See *Platforma Frontului Salvarii Nationale* (Platform of the National Salvation Front), Bucharest, no publisher, 1990. For the NSF's political and social orientations, see Ionescu, "The National Salvation Front Starts To Implement Its Program," loc. cit.



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mulation of the objectives of the Romanian revolution by those who had been on the firing line in December. Article 7 bluntly stated:

*Timişoara initiated a revolution against the entire communist regime and its entire* nomenklatura, *and by no means in order to give an opportunity to a group of anti-Ceauşescu dissidents within the Romanian Communist Party to gain power.*[44]

Even more pointed, Article 8 of the Proclamation demanded the elimination of former RCP activists and Securitate officers from Romania's political life by banning them from every electoral list for three consecutive legislatures, i.e., for about 10 years. And as if things were not clear enough, the Proclamation demanded that the new electoral law ban former members of the Communist party apparatus—as opposed to simple party members—from running for the presidential office. This was an unmistakable challenge to the right of President Ion Iliescu to present himself as the heir of the Romanian revolution and the guarantor of social peace and political stability.

The Proclamation made clear that Romania's future lies in a break with centralism and intolerance. Its authors insisted that political and economic pluralism cannot be separated:

*Although we are in favor of Romania's re-Europeanization, we do not intend to just copy the Western capitalist model, with its shortcomings and inequalities. But we certainly encourage private initiative, since the economic foundations of the totalitarian regime was the monopoly of state ownership. We need economic pluralism in order to have political pluralism.*[45]

The Proclamation was soon adopted as a programmatic document by hundreds of independent groups and associations, representing some 4 million citizens throughout the country.

## Economic Crisis and Social Malaise

As Romanians struggled (or failed to struggle) to free themselves from the political legacy of Ceauşescu, the country was also trying to cope with an even more disastrous legacy in the economy. Instead of enjoying the opportunity for a clean start afforded by natural disaster or war, Romania remained burdened by the Stalinist model forced on it after World War II and dogmatically reinforced over the last 20 years while other Warsaw Pact countries (Hungary, Poland, and, since 1985, the Soviet Union itself) were trying to find paths away from it. This left the country with an economically unjustifiable and obsolete heavy industry employing hundreds of thousands of workers and with a totally collectivized and only marginally productive agriculture.

Immediately after the fall of Ceauşescu, the Front took measures calculated to win popular approval: the supply of electricity and gas for private and public consumption was increased; the export of badly needed foodstuffs, such as meat, was temporarily halted; and food supplies stashed away for use of the RCP were distributed to the people. The NSF leadership apparently hoped that such measures together with direct or indirect handouts from the West would permit them to postpone serious economic reforms indefinitely. Yet the problems with the economy's centralized management and pricing system, low productivity, foreign trade, and other essential matters grew by the day as the economy continued to operate—with increasingly poor results—along old lines. Prime Minister Roman himself has frequently pointed to the decreasing productivity rate; shops are empty and there are long lines for basic foodstuffs—in a word, the economic situation has not improved compared to Ceauşescu's days of austerity.

Virtually all the new parties gave lip service to the idea of a speedy conversion to a market economy, but few had a clear idea of what this meant. Under the best of circumstances, the process could only be exasperatingly slow, fraught with difficulties, and extremely painful socially. The social question would certainly be the hardest to face up to. In one of the most impoverished countries of Europe, the transition from a centrally-planned economy to one oriented, even in part, toward the market would involve massive unemployment of industrial workers, since most of the monuments to Stalinist economics (e.g., the giant steelworks at Galaţi) were plainly unviable in a market setting.

Moreover, the very idea of the market is tied to the related notions of economic expectations (in a general atmosphere of mutual trust) and risk-taking. The primitive, militaristic type of socialism introduced in Romania by Gheorghiu-Dej and pushed to grotesque extremes by Ceauşescu continuously lowered the economic expectations of the population and of the leaders themselves (who could not take seriously the extravagant

[44]The complete text of the Proclamation was translated into English and published in *East European Reporter,* Spring/Summer 1990, pp. 32–34. For the general political climate, see Vladimir Tismaneanu, "Fear and Frustration in Romania," ibid., pp. 30–32.

[45]Loc. cit., p. 54.



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statistics they cooked up) in an atmosphere of universal distrust. At the same time, a system in which every worker was guaranteed a job at subsistence wages discouraged the taking of any economically meaningful risks. Finally, more than four decades of Stalinist industrialization had created a work force that lacked in many cases the training, discipline, and motivation to become competitive in a market environment.

The decollectivization of agriculture was not as simple as some of the new parties, including the National Peasant Party, seemed to anticipate. Many former peasants, now agricultural workers on state or collective farms, had lost the desire to hold land and work it individually. Remembering their own nightmarish persecution as small landowners in the 1950's and early 1960's, they feared that any policies encouraging private landholding might be reversed.

Nevertheless, in a traditionally agricultural country like Romania, the prospects for agriculture in a post-communist setting were on the whole better than they were for industry. With adequate help from a reformed industrial sector and from newly created financial institutions, agricultural productivity might be raised, waste might be reduced, and eventually an incipient real market for agricultural products—directed in part toward export—might be created. This could become the starting point of a process of raising the low standard of living of the Romanian people, bringing it closer to that of, say, Greece or Portugal—countries with similar or even less agricultural potential. It could also lead to the formation of a larger market of consumer goods and supporting industries as the size of the heavy industry sector bequeathed by Stalinism shrank. Other necessary economic changes (such as the attainment of a stable, convertible currency, the creation of a healthy banking system, etc.) would depend on how the most important natural resource of the country, its potentially rich land, would be managed, and how various industries directly linked to it (food-processing, lumber, tanning and leather-working, mineral extraction, and the manufacture of fertilizer) would develop.

However, it was only in December 1990 that the Roman government proposed a law on land property, and even this law was vague and did not provide for basic technological support for private farms. Moreover, the economy remained a centrally-planned one even though the government refuses to call it such. As a result, there is still a plan, but it is not binding—which adds to the confusion.

Uncertainties regarding the economy could explain, at least partially, some of the most typical social and political conflicts between those supporting and those opposing the Front. The NSF had the support of a sizable number of persons who stood to lose from a transition to a competitive market economy: primarily industrial workers in the giant factories that had been favored by Ceauşescu, miners (particularly of low-grade coal), and workers in other unprofitable, wasteful industries. In addition, the Front could count on the support of the former party bureaucracy, of a large part of the state bureaucracy, and of virtually the entire repressive apparatus of the old regime (which also needed, beyond economic protection, some kind of guarantee that they would not be prosecuted for its past crimes against the population).[46]

Opposed to the Front were, in the first place, the young, most visibly the students who had so valiantly fought for the triumph of the revolution. They were joined in their profound anti-Front feelings by most of the professionals (doctors, engineers, technical personnel, and many skilled workers), whose services were likely to be in demand in a new market situation. For different reasons—reasons having to do with intellectual freedom—a part of the intelligentsia also turned against the Front.[47] All these elements were ready to demonstrate in the streets for full democracy and against what they called the "neo-Bolshevik" or the "crypto-communist" tendencies of the Front. Their banners read: "The revolution has been confiscated," "Beware of the chameleons," "The only solution, another revolution," or even "Iliescu is a second Ceauşescu."

***Longing for leadership.*** Still one other element lurked on the periphery of Romanian politics. In making its difficult exit from totalitarianism, Romania suffered from the lack of a figure of unquestionable moral-political prestige comparable to, say, that enjoyed by Václav Havel in Czechoslovakia. This absence was highlighted as the NSF showed signs of intense internecine conflict. Already in January 1990, NSF First Vice-chairman Dumitru Mazilu, a former member of the ideological apparatus who had broken with Ceauşescu and suffered persecution in the 1980's, was forced to resign as a result of a press campaign suggesting that he had been a Securitate officer. After February, Silviu Brucan lost much of his influence as relations reportedly soured between him and Iliescu. There was even unverifiable speculation about a rift between Iliescu and

[46]On the NSF's "constituency," see Florin-Gabriel Marculescu, "Long Live Timişoara!" *Romania Libera*, April 3, 1990.

[47]Another portion of the intelligentsia, even if not actively pro-Front, was reluctant to renounce certain advantages that the Front could continue to extend, through the so-called creative unions—The Writers' Union, the Artists' Union, the Journalists' Union, and the Composers' Union. The Front seemed ready to grant some perquisites without asking anything specific in return.



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Roman. It was rumored that there might be a military takeover if the clashes between vying parties and groups continued to gather momentum. In this context, former King Michael (who has been living in exile in Switzerland) seemed to some to offer a symbol of continuity with Romania's precommunist political history, which had been interrupted when the King was forced to abdicate on December 30, 1947, as the communists established sole control of the government. The issue was not the monarchy as such, but the person of King Michael as a dignified statesman, who had to his credit such achievements as taking Romania out of the alliance with Nazi Germany and bringing about a coup against Marshal Ion Antonescu's dictatorship in August 1944.

In April, the Romanian government, after having initially approved a private visit by King Michael, withdrew his visa at the very last moment on the grounds of his alleged intent to engage in political activities. By treating the King as an enemy of public order, the NSF only strengthened the view of some Romanians that the restoration of constitutional monarchy might be the best solution for their country's predicament. Was not the King more likely to bring about the needed national reconciliation than any of the groups, parties, and individual politicians active during the first months of 1990? In December 1990, King Michael and his family arrived in Bucharest unannounced in order to visit the graves of his family. The King and his entourage were soon bundled up by authorities and put on a plane flying out of the country.[48]

## Elections and Confrontation

Faced with the Timişoara Proclamation and other vocal but peaceful expressions of popular disaffection, the NSF showed signs of increasing nervousness about the outcome of the May 20 elections. Headquarters of opposition parties were repeatedly ransacked. Activists of the National Peasant and National Liberal parties in the provinces were beaten up, and their supporters were harassed and threatened. In steps evocative both of the Ceauşescu era and of interwar governments' electoral tactics, the Front organized large counterdemonstrations, bussing in miners from the Jiu Valley or workers from around the country, assisted by goons who instigated occasional outbreaks of violence.[49]

The pre-electoral scene was also disturbed by the sharp clash between Romanians and ethnic Hungarians in Tirgu Mureş on March 20, 1990. The NSF has failed to produce any serious analysis of this incident. As a result, it has not convincingly distanced itself from the *Vatra Romaneasca,* a group which emerged as an umbrella movement drawing its members from among Romanians living in Transylvania, and which resorts to an inflammatory, extremely chauvinistic rhetoric. Conceivably the events were seen as favoring the NSF's electoral hopes.

During the last week of April, a major confrontation between the NSF and its opposition began to take shape. When a number of students organized a vigil in University Square in Bucharest to protest the overwhelming presence of former Ceauşescu cronies in the provisional government and to voice support for the "Timişoara Proclamation," Ion Iliescu stigmatized the demonstrators as "hoodlums" (*golani*). This was too much for those who had not forgotten Ceauşescu's televised speech on December 20, 1989. Day by day, the square saw the rise of a new revolutionary wave: first students and then intellectuals and workers gathered there to call for Iliescu's resignation.

Initially reserved, the opposition parties began to call for a dialogue between the NSF leadership and the demonstrators. The students and the intellectuals who joined them—including some of the country's most prominent cultural and scientific personalities—asked the government to recognize that the revolution was a spontaneous uprising against the communist system, not a movement to reform that same system. Iliescu's verbal and even practical toughness (the police tried to disperse the demonstrators by using truncheons and police dogs) backfired, further polarizing the country and tarnishing the Front's domestic and international image. It also failed to bring an end to the demonstrations in the Square.[50]

Nevertheless, the May elections brought massive victory for the NSF and its presidential candidate. Iliescu won 85.1 percent of the vote (Radu Campeanu won 10.6 percent, and Ioan Ratiu won 4.3 percent). The

[48]See Chuck Sudetic, "Expelling Former King, Romanians Cite 'Stunt'," *The New York Times,* Dec. 27, 1990.

[49]See, for instance, Mary Battiata, "Romania's New Rulers Curb Demonstrations," *The Washington Post,* Jan. 25, 1990; Celestine Bohlen, "Thousands Rally To Support Group at Romanian Helm," *The New York Times,* Jan. 30, 1990; and Imre Karacs, "Bucharest Falls Under Mob Rule," *The Independent,* Jan. 29, 1990. On February 19, 1990, some 4,000 miners marched through the streets of Bucharest in support of Ion Iliescu and the NSF after the government headquarters had been ransacked by hundreds of anticommunist demonstrators. See Jonathan C. Randal, "Romanian Leader Supported in Counter-Protest," *The Washington Post,* Feb. 20, 1990. According to many witnesses of this event and of the subsequent clash in June, the anticommunist crowd included not only radical activists but also Securitate members planted among the demonstrators to compromise their actions.

[50]See Marc Sémo, "The Commune of University Square," *Libération* (Paris), Apr. 30, 1990.



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Front captured 92 of 119 seats in the Senate and 263 of 296 seats in the Assembly of Deputies.[51] For many, especially observers in the West, it was hard to comprehend how Romanians, who had experienced one of the most atrocious communist regimes, could possibly have given such overwhelming support to a political movement whose leader never fully abjured communism. Were they lulled by the Front, or, as the historical parties maintained, had the Front secured its triumph by electoral fraud, especially in the countryside?

Although fraud was a factor, the answer lies primarily in the NSF's astute manipulation of anticommunist and nationalist symbols. Although it maintained that it was a left-of-center party, akin to West European social democracy, the NSF engaged in a rabidly chauvinistic, anti-Western campaign. It sought support from groups resentful or scared of a sweeping transition to pluralism—the huge bureaucracy, inefficient technocrats, and other incompetent members of society. Its supporters in the media did not hesitate to besmirch such prominent former dissidents as Ana Blandiana, Doina Cornea, Octavian Paler, or Dan Petrescu, accusing them of the same political "crimes" as Ceauşescu's Securitate. In addition, the NSF benefited from the weakness of the opposition parties and capitalized on the debatable decision of those organizations to propose as presidential candidates two people who had lived abroad for many years. Add to this a general public fatigue and widespread anxieties about privatization, which were skillfully exploited by the NSF propaganda.

Under these circumstances, the prolonged University Square sit-in was eventually marginalized. After the elections, most of the informal groups that had participated in the creation of this "first zone free from neocommunism" decided to withdraw. The extra-parliamentary opposition realized that a long struggle was necessary to establish real communication with large segments of the population. The NSF leadership refused to engage in any dialogue with the representatives of Romania's society in University Square, and continued to characterize the activity in the Square as a form of social delinquency incompatible with the normal development of democracy.

On June 13, under the pretext of the need to clean the area, police troops evicted the last demonstrators from the University Square, including a number of hunger strikers who were vainly demanding the opening of an independent TV station in Bucharest. What followed was an escalation of violence, with mobs storming government buildings. Instead of using legal means to calm the situation and isolate the instigators (or, better said, the provocateurs in their midst),[52] the government resorted to the extra-legal force represented by the coal miners. The miners arrived in Bucharest on the morning of June 14 and were received by NSF officials who provided them with addresses of opposition activists, with trucks, and with clubs to "give a lesson" to those who had dared to challenge Iliescu's authority, the NSF's hegemony, and the official story about Romania's revolution. For almost two days, Bucharest lived under terror, with miners' squads patrolling the city, ransacking the headquarters of independent parties, groups, and newspapers, and molesting all those who even appeared to have been engaged in anti-NSF activities.

Among the most prominent victims of the miners' raid was Marian Munteanu, the president of the Bucharest University Students' League, who was tortured, transported to the Emergency Hospital, and then arrested on the charge of "instigation to violence." Munteanu was released in August 1990 as a result of both domestic and international pressure. The consequences of the June events for Romania's international image were calamitous: six months after Ceauşescu's violent downfall, the country was again dramatically isolated, both in the West and in the East. Whereas Poland, Czechoslovakia, and Hungary were perceived as swiftly moving toward a state of law, Romania seemed unable to get rid of its despotic heritage.[53]

## What Is In Store For Romania?

The NSF apparently calculated that following the June crackdown, the opposition would renounce its most daring demands and accept a reconstructed version of the old regime. However, despite some disarray and second thoughts about Romania's prospects for democracy, most of the independent groups and publications intensified their activities. There was a consensus that the independent press was the backbone of

[51]Vladimir Socor, "National Salvation Front Produces Electoral Landslide," *Report on Eastern Europe*, July 6, 1990, pp. 24–32.

[52]Prime Minister Roman would later admit that many of the instigators were former members of the Securitate. See his interview with three Spanish media, "Blames Securitate for Violence," *FBIS-EEU*, June 21, 1990, p. 42. For the most comprehensive analysis of the June 1990 events, see "Report on the June 13–15, 1990 Events, Bucharest," released in December 1990 by the Group for Social Dialogue and the Association for the Defense of Human Rights in Romania—The Helsinki Committee. An excellent documentation on the role of the Securitate in the June crackdown can be found in Mihai Sturdza, "The Miners' Crackdown on the Opposition: A Review of the Evidence," *Report on Eastern Europe*, Jan. 11, 1991, pp. 25–33.

[53]See Vladimir Tismaneanu, "Homage to Golania," *The New Republic* (Washington, DC), July 30–Aug. 6, 1990, pp. 16–18.



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*Romanian miners forcibly evict demonstrators from Bucharest's University Square on June 15, 1990.*

**—Wide World Photos.**

the emerging civil society. *Romania Libera*, the only nationwide independent daily, and numerous cultural and political magazines (e.g., *22*, *Romania Literara*, *Contrapunct*, *Orizont*, *Astra*, and *Timişoara*) continued to fight for civic rights and to criticize the government for its authoritarian practices.

The elections and the June crackdown did demonstrate to the opposition its disunity and weakness. A number of opposition groups—including the National Peasant Party, the National Liberal Party, the Social-Democratic Party, the Hungarian Democratic Union, and the Democratic Party met in the Transylvanian town of Cluj on August 9, 1990, to establish the Democratic Antitotalitarian Forum (DAF) and to issue the "Proclamation of Cluj." This appeal repeated charges that the NSF was daily betraying the "anticommunist" thrust of the December revolution, and pledged to use all "democratic means, within a strictly legal framework" to bring about implementation of its program, which included observance of human rights, respect for minority rights, abolition of the Securitate or similar bodies, establishment of a legal framework for genuine political pluralism, radical reorientation of the economy toward market principles, and a "return to Europe."[54]

Other, noninstitutionalized, elements of the opposition also felt the need to unite forces in the aftermath of the June crackdown. On November 7, a group of associations, among which the GSD figured prominently, announced the formation of a Civic Alliance. This organization, it was stated, had been denied official registration because its statutes did not make clear whether it was a political or a nonpolitical organization. The next day *Romania Libera* published the Civic Alliance's "Declaration of Principles." On November 15, the Alliance succeeded in preventing the NSF from dominating observances of the third anniversary of the Braşov workers' uprising and, by the end of the month, it was reporting a swell of applications from workers.[55]

The pro-NSF media responded to these opposition activities with attempts at character assassination and

[54]See Michael Shafir, "Oppositional Regrouping: The Democratic Antitotalitarian Front and the Civic Alliance," *Report on Eastern Europe*, Dec. 14, 1990, pp. 14–16.

[55]Ibid., pp. 16–19.



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innuendo. The most aggressive and vulgar in this respect were the NSF official daily *Azi* and a weekly called *Romania Mare* (Great Romania), whose director, Eugen Barbu, and editor-in-chief, Corneliu Vadim Tudor, are among the most compromised of former Ceauşescu worshipers.[56] With its anti-Semitic and anti-Hungarian outbursts, as well as unmitigated nostalgia for the times of dictatorial "law and order" as opposed to the ongoing "democratic cacophony," *Romania Mare* represents an extreme version of the populist, chauvinistic ideology favored by the NSF leaders.[57]

Transition to democratic processes will be quite difficult in a country whose fragile democratic traditions, going back only to the last decades of the 19th century, had been brutally interrupted first by a series of right-wing dictatorships (1938–44) and then by communism. Deep-seated ethnic conflicts (particularly between the Romanian majority and the 2,000,000-strong Hungarian ethnic minority in Transylvania), which had been kept in check by the Ceauşescu regime and then temporarily overcome by the anti-Ceauşescu revolutionary fervor, reasserted themselves in communal violence in Tirgu Mureş in March 1990. The country also experienced a new sort of anti-Semitism, directed at the Jews, who purportedly helped import communism from Russia and then went abroad to escape the consequences. Not surprisingly, émigrés returning in the anticipation of assisting in the democratic reconstruction of Romania's economy were also not welcomed by the xenophobic supporters of the NSF.

But there were also encouraging signs: the students, who spearheaded the overthrow of the dictatorship, created a Students' League, which could well become a rallying point for Romania's democratic youth. Even though the intelligentsia was divided on the question of the Front, critical intellectuals of various persuasions could bring themselves to organize the Group for Social Dialogue to reflect on the country's problems, monitor the government's observance of democratic procedures, and foster development of a civil society in Romania. A vigorous free press, if not a truly free television, is in evidence. Most encouraging of all, the Timişoara Proclamation explicitly condemned any kind of chauvinism (no inter-ethnic conflicts were registered in the multi-ethnic city of Timişoara or in the Banat region), and the fact that it was endorsed by millions of Romanians of various ethnic backgrounds and religious persuasions showed that—both politically and culturally—a real popular basis for democracy exists in Romania.

In broader perspective, the events of December 1989 created a completely new political situation in Romania. The fact that the transition to the postcommunist era was rockier than in other East European countries did not mean that a return to any of the forms and institutions of communism, as they had existed between 1947 and 1989, was possible. But the NSF, an improvised organization of former communists left without an ideology, positioned itself to become a kind of "mass movement" and was bent on trying to slow down the drive of the country toward democracy and a market economy. This meant that dangerous and potentially explosive developments could not be excluded. With the society divided and much of the old party apparatus still controlling key positions in the state bureaucracy and in the army, neither the possibility of a military coup nor even that of a civil war could be ruled out. It is more likely, however, that the democratic forms and institutions arising in the post-revolutionary rush to change—the multiparty system, a free press, the freedom to travel, the mushrooming of autonomous groups and associations—would eventually come to acquire the democratic content that they originally lacked. The obstacles on Romania's road to democracy are enormous but not insurmountable.

[56]On Barbu and Tudor, see Tismaneanu, "Byzantine Rites, Stalinist Follies: The Twilight of Dynastic Socialism in Romania," loc. cit.; and Dan Ionescu, "An A to Z of the Personality Cult in Romania," Radio Free Europe-Radio Liberty, *Radio Free Europe Research* (Muinich), Romanian Situation Report, No. 1, Feb. 2, 1989, pp. 9–14.

[57]*Romania Mare* went so far as to try to rehabilitate the Securitate and to smear the martyrs of Timişoara as "objective agents of the Hungarian irredentists." The cultural and political autarky pursued by the old regime was depicted in *Romania Mare* as attempting to preserve the purity of the "national being." For illuminating discussions of the political implications of the current attempts to restore the cultural dogmas of the Ceauşescu era, see Nicolae Manolescu, "Protochronism and Its Defenders," *Romania Literara,* Aug. 16, 1990; and Mircea Mihaies, "The Monstrous Coalition," *Orizont* (Timişoara), Oct. 12, 1990.

The officially endorsed attacks on former dissidents by former partisans of Ceauşescu are discussed in Vladimir Tismaneanu, "The Bucharest Syndrome," *Romania Literara,* Aug. 9, 1990. Eugen Florescu, the former head of the Central Committee's Press Department and one of the authors of Ceauşescu's December 20, 1989, TV address, is now the deputy editor of the pro-NSF weekly *Democratia* (Democracy). For a devastating portrayal of Florescu's cynical political acrobatics, see Mircea Mihaies, "Holy Shamelessness," *Orizont,* June 22, 1990.

For additional material on the politics of nationalist hysteria practiced by *Romania Mare* and encouraged by the NSF, it suffices to examine the January 11, 1991, issue of that weekly. Senator Radu Ceontea, chairman of *Vatra Romaneasca,* is shown receiving the magazine's yearly award; a full-page article by Editor-in-Chief Tudor is entitled, "The Year 1991—An International Year of Struggle Against Hungarian Terrorism"; there are slanderous attacks on dissidents Stelian Tanase (now a leader of the Civic Alliance), Ana Blandiana, and Mircea Dinescu; and the city of Timişoara is described as a web of foreign agents whose sole goal is to destabilize Romania and give Transylvania to Hungary. Disturbingly, these neo-fascist delusions are shared and endorsed virtually every day by the NSF's official newspaper, *Azi.*



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# Conservatism and Hungary's Transition

**George Schöpflin**

The last two years have witnessed the collapse of communism in Hungary and its replacement by a democratically elected coalition government led by the moderate-conservative Hungarian Democratic Forum. Examination of the circumstances of the transition and of the sort of political ideology motivating the new government are critical for assessing the prospects of democratic Hungary.

According to the usual Budapest version, communism in Hungary simply rotted away. Like every truism, this contains an element of truth and begs a number of questions as well. Above all, it demands almost insistently, why? Some answers are to be found in the past —in the regime of János Kádár and the way in which that system was put together after the revolution of 1956. Other answers are found in the very particular circumstances of the mid-1980's—when the system ran out of steam, but was unable to create a new infusion of energies, because of the way in which it had been put together. Crucially, Kádár's own role as a conservative innovator who could not move with the times when the need arose requires particular scrutiny.[1]

## The Kádár Legacy

After 1956, Kádár had to reestablish power, reorganize a communist party that had fallen apart in the revolution, break down the resistance of the population, end the general strike, and liquidate the institutions that the revolution had generated. He could not be too fussy about the means, and he did not have much of a choice either. Kádár's tactics were to use every possible lie and all forms of coercion to destroy the opposition to his rule. By the early 1960's, Hungarian society was thoroughly cowed.

Kádár, however, was not himself a Stalinist, and he did not want to rule over a country run solely on the basis of terror, even were that feasible. Pivotally, he drew from the 1956 revolution the lesson that the people were not to be trusted with power. If they were given a choice, they would not exercise it in the way that he wanted; on the contrary, all sorts of undesirable political goals would be pursued, like establishing a multiparty system, instituting workers' self-management, and creating a functioning civil society. In Kádár's view—and this can be deduced from the kind of political system that he subsequently established—political choice was to be the preserve of the few, of "honest socialists" like himself.

From that time, Kádár's tactics could be described as having evolved toward a strategy of depoliticizing society and keeping it docile through economic concessions. To this end, the system needed both economic and administrative adjustments, many of which had political implications. Perhaps more by good luck than design, Kádár moved toward a situation in which the communist party would continue to insist on its monopoly of power, but this monopoly would be exercised in a "discretionary" rather than an absolutist manner.

The formula offered considerable flexibility in dealing with society, in managing power, and in routinizing

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[1]The nature and characteristics of the Kádár system have generated an extensive literature in Hungary, notably László Lengyel, *Végkfejlet* (Final Dénouement), Budapest, Kőzgazdsági & Jogi, 1989. See also László Bogár, *Kirtörési kisérleteink: egy modernizációs csapda anatómiája* (Our Attempts to Break Out: The Anatomy of a Pitfall in Modernization), Budapest, Kőzgazdsági & Jogi, 1989.



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administration. Essentially, it gave the governing elite wide-ranging discretion in the exercise of power—there were no fixed criteria for anything. This meant that each and every concession remained just that—a concession—and could not be transformed into a right. It provided opportunity for pragmatism—much admired by those in the West who entirely failed to understand the true nature of the system—and created just enough social space for different groups to find some satisfaction.

The trouble with this degree of discretion was that it gradually but irremediably undermined the system of power itself. A power elite is not a small club of people who know each other personally. Rather, it is a complex organism, and, as such, it requires some basic ground rules, some relatively clear and understandable criteria for the exercise of power, and a legitimating ideology. In Hungary, as in other communist countries in the 1970's, the official ideology lost this cementing quality, and it was not replaced by anything other than the ideology of power itself, coupled with the external threat of Soviet intervention.

The party offered a deal to intellectuals and the intelligentsia (the difference being that the former create values while the latter administer them as teachers, lawyers, managers, and engineers) that constituted the heart of the Kádár system. One of the roles of intellectuals in one-party systems is to act as the mirror in which the ruling elite sees itself reflected; the elite's self-confidence and morale depend crucially on this, in the absence of genuine legitimation through free elections. Kádárism sought to co-opt the intellectuals and intelligentsia in order to use their talents.

The co-optation of the creative intellectuals was particularly problematic, but here the system hit upon a brilliant device. Instead of being forced, as they had been in the 1950's, to stand up and proclaim that "socialism was the most marvellous system in the world," the intellectuals were allowed to say, in effect, "the system that we have here in Hungary is full of defects, it does not work very well, it is open to criticism on a whole variety of grounds, but it is the best that we can hope to have." This formula completely demobilized critical intellectuals and built self-censorship into their public utterances.

The character of the system was, then, deeply opportunistic. There were no fixed standards; everything was subject to the needs of the day, decided on by a political leadership that had largely lost its vision. It knew it wanted to hold on to power, but it could no longer justify its existence in any terms other than those of power. The ideals of equality, modernity, and rationality—central to the Marxian idea of the future—were gradually lost as power-holders and intellectuals recognized that the system could not be adapted any further to meet these goals.

This left the party with the threadbare proposition that it was the agent of a "revolution," which no one took very seriously. This position made it impossible for Kádárism to come to terms with the (genuine) revolution of 1956. For Kádár, the events of that year were forever a "counterrevolution," because his regime had defined its own legitimizing myth in having seized power as a Marxist-Leninist party against the anticommunists. That was as far as the Kádárist integration strategy went.

## Declining Legitimacy

This justification by power—"we rule because we rule"—was vulnerable to any direct or threatened challenge to that power. In essence, it was a dangerously flimsy support. Moreover, the strategy of trying to buy peace through economic expansion made successful management of the economic system crucial for keeping the system together. Once economic management proved threadbare, as it did in the mid-1980's, it was evident, though few accepted this in public, that as long as Kádár remained at the helm, the system was doomed to disintegration from within. The external proprieties were maintained, but the stagnation was unmistakable. Kádár, from having been a conservative reformer, had become an opponent of all change, a true reactionary. That was the moment when Kádárism lost the backing—political, intellectual, psychological—of those intellectuals who had played such a vital role in sustaining it from the early 1960's on.

Because the process of decline in Hungary was gradual, there was no clear dramatic moment from which it is possible to date the beginning of the end. Nevertheless, the last months of 1986 saw increasing signs of the growing alienation from the regime on the part of the previously supportive intellectuals, as evidenced in the publication of *Turning Point and Reform* (a critical assessment of the economy),[2] the split in the Writers' Union, and the growing pressure from journalists to be allowed to report more openly. By the beginning of 1988, it was widely accepted that a change was essential, but the way in which this was to be effected remained contested.

[2]This semi-official critique of Hungarian economic policy was reportedly drafted in November 1986 by experts at the Hungarian Ministry of Finance and the Institute of Economics at the Academy of Sciences working under the auspices of the Hungarian Patriotic People's Front. For a discussion of the report, see Radio Free Europe-Radio Liberty, *Radio Free Europe Research* (Munich), Hungarian Situation Report No. 4, May 18, 1987, pp. 15–18.



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The central issue was, of course, the decline of the economy and the growing recognition that economic reform on its own was not enough. The political impediments to change would have to be removed, and that obviously meant that the party's control over the political system and power would have to be loosened. The recognition of this was the key element in the changing consciousness of the intellectuals.

This shift in perception was evident in two broad strands of society—the party reformers and the democratic opposition. The first current comprised historians, jurists, sociologists, and political scientists holding official posts, who had for some time been calling for a transformation of the party's political monopoly into something more responsive to public opinion. The democratic opposition, by contrast, had consciously taken a stand outside officialdom and thus effectively had chosen marginalization.[3] At more or less this same time, both currents began to advocate what has come to be known as "constitutional communism,"[4] by which was meant a kind of one-party pluralism. The communist party would retain power, but this would no longer be monopolistic; rather, it would be circumscribed by legal and political constraints, thereby enabling the market to function in the economy and the political leadership to gain greater legitimacy. The key document from the democratic opposition advocating this approach, "The Social Contract," came from the group around the *samizdat* journal *Beszélő*. Its most striking feature was a ringing call for Kádár to go; without Kádár's removal from the leadership, the document recognized, no change was possible.[5] The party reformers were more circumspect in this respect, but they too pushed for a political system with constraints on the power of the party.[6]

By the early months of 1988, the tight control by the party over intellectual opinion was a thing of the past, and independent intellectual groups began to proliferate. Two groups stood out: the Hungarian Democratic Forum, established by the populist current in September 1987, and the so-called democratic opposition. Although part of the opposition, the Forum was in many ways more ready to deal with the communist party than was the democratic opposition. This created constant tension between the two. Both were committed to democracy, but the language of the populists was too nationalistic and too concerned with returning to "true Hungarian traditions" for the democratic opposition's tastes.

The social and cultural background of the two groups also set them apart and contributed to tension between them. The democratic opposition was drawn primarily, though not exclusively, from the urban, Budapest, Jewish middle class and intelligentsia. Quite a few of them were the children of established communist figures and had a communist background themselves, although they had sloughed this off by the time they moved into opposition and were now committed to human rights and democracy. The populists were generally from provincial cities, were of a more humble background, were for the most part non-Jewish, and had never been adherents of Marxism in any form.

By the spring of 1988, the situation in Hungary was widely described as fluid and decaying. The party leadership, above all Kádár himself, had no response to offer except to make threatening noises. In effect, the leadership was not leading, and the ferment in intellectual life was beginning to influence the party membership, which was far from unaffected by the country's mounting problems and changing mood. The personality of Kádár was another important factor. Born in 1912, he was 75 years old at this time and was manifestly losing control. His obstinate refusal either to change or to retire evidently persuaded his opponents in the party to prepare a coup for his removal.

## The Fall of Kádár and the Party

The Kádárist leadership was forced to permit the convening in May 1988 of a party conference—an event where all the party bodies are represented. Although such a conference ostensibly lacks the weight of a congress, Kádár's opponents used this venue to remove him. The new leadership, however, turned out to be much weaker and more divided than expected. It looked afterwards as if removing Kádár was the only point on which they were agreed. Károly Grósz, the new party leader, essentially looked toward some kind of an authoritarian model combining economic efficiency with high levels of coercion; Imre Pozsgay and the party reformers, by contrast, were increasingly attracted to an open, democratic system. For all practical purposes, the outcome was a stalemate.[7]

[3]On the background to the democratic opposition, see George Schöpflin, "Opposition and Para-Opposition in Hungary," in Rudolf L. Tőkés, Ed., *Opposition in Eastern Europe*, London, Macmillan, 1979.

[4]See, for example, Mihály Bihari, *Reform és demokrácia* (Reform and Democracy), Budapest, Eötvös, 1990; also István Schlett, "Approaches to Reform of the Political System," in *Az opportunizmus dicsérete* (In Praise of Opportunism), Budapest, Magvető, 1990; and Béla Pokol, *Politikai reform és modernizáció* (Political Reform and Modernization), Budapest, Magvető, 1989.

[5]"The Social Contract," *Beszélő*, June 1987.

[6]See fn. 3.

[7]George Schöpflin, Rudolf L. Tőkés, and Iván Völgyes, "Leadership Change and Crisis in Hungary," *Problems of Communism* (Washington, DC), September-October 1988, pp. 23–46.



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Grósz was essentially immobile during the summer months, while Pozsgay permitted the news media to widen their already extensive freedom to comment and criticize. The months between the beginning of September and the end of November 1988 represented a critical watershed. In September, with a more determined leadership, the communists might just have been able to seize the agenda and push through a reform program of their own. By the end of November, it was too late. During those weeks, Hungarian society became aware of the weakness of communist rule and of its own mounting political weight. Moreover, the party conservatives' last redoubt, the Brezhnevite Soviet Union, had also disappeared. In the past, the hard-liners had always been able to quash criticism at home by invoking Soviet disapproval. This pretext for doing nothing evaporated as Mikhail Gorbachev's reform program progressed.

From the end of November, overtly political organizations began to spring up, and Hungary began to take on the appearance of a multiparty system. The Hungarian Democratic Forum had already moved into the public arena in September. The democratic opposition established itself as the Alliance of Free Democrats in December, and the so-called nostalgic parties—the Independent Smallholders and the Social Democrats, who had taken part in the post-1945 coalition and had been briefly revived in 1956—once more returned to the political stage.[8]

Inside the communist party, the reformers argued that change was urgent and would work only if pluralism was instituted; otherwise, Hungarian society would not accept the authority of the political leadership, and hence the people's energies could not be mobilized. Party hard-liners disliked this message, but were stripped of all counterarguments by their fear of popular upheaval à la 1956 and by their lack of an intellectually viable alternative strategy. The breakup of the party's political monopoly was merely a question of time.[9]

The party attempted to maintain control over the situation in the time-honored way, to assimilate ideas and phenomena alien to it and thereby to draw their sting. This was clearly one of the factors behind the decision to permit celebration of March 15 as Hungary's national day (commemorating the date in 1848 when a massive demonstration in Buda and Pest inaugurated a national revolution in Hungary), something that small groups from the opposition had been doing unofficially for years. The preparations for the ceremonial reinterment of Imre Nagy and his collaborators came on the agenda at more or less the same time. Here, too, the party, faced this time with directly accepting the collapse of its legitimacy (for to accept that Imre Nagy had been murdered judicially constituted just such an admission), gave way with only a minimum of struggle. The ceremony itself, held on June 16, marked a symbolic turning point. Thereafter, the legitimacy of the party as the sole ruling body was at an end.

In the summer of 1989, the party finally sat down with the diverse opposition parties as well as other traditionally communist-run social organizations at a round table to work out the method of handing over power and to construct a new political system. Work on drafting a new constitution had been going on for some time in the Ministry of Justice, but the political sanction for the transformation came from the round-table agreement in September.[10]

No one actually expected what happened in October—the complete collapse of the party-state, of the communist system in its entirety. The communist party held a congress at the beginning of the month and was deeply split between reformers and conservatives. A dubious compromise was patched together, by the terms of which the party reconstituted itself as the Hungarian Socialist Party. This appeared to break the spell, and what remained of the *nomenklatura* system vanished. Party discipline over parliament and government went too, so that on October 23, the anniversary of the outbreak of the 1956 revolution, Acting President Mátyás Szűrős formally declared Hungary to be a "Republic" and no longer a "People's Republic." Communist rule was over.

## Shaping a New System

The system that replaced the communist party-state in Hungary was put together in some haste and through a series of last-minute deals during the round-table negotiations of the summer of 1989, at a time when the opposition groups represented at the table still assumed that the communists would continue to be a major force in politics. To assure control over the commu-

[8]Rudolf L. Tőkés, *From Post-Communism to Democracy: Politics, Parties, and the 1990 Elections in Hungary*, Bonn, Konrad Adenauer Stiftung, 1990; and idem, "Hungary's New Political Elites: Adaptation and Change, 1989–90," *Problems of Communism*, November-December 1990, pp. 44–65.

[9]See Attila Ágh, "The Year of Party Formation: Crises and Organizations"; Mihály Bihari, "The Sociology of a Party Congress"; and István Kukorelli, "The Legislature in the First Year of the Multiparty System," all in Sándor Kurtán, Péter Sándor, and László Vass, *Magyarország politikai evkönyve 1990* (1990 Hungarian Political Yearbook), Budapest, Aula-OMIKK, 1990.

[10]On the round-table negotiations, see András Bozóki, "The Road to the Transformation: The Opposition Round Table," *Mozgó Világ* (Budapest), August 1990, pp. 23–38.



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nist government apparatus, they established a strong, unicameral parliament. They also established a constitutional court, but it was not clear how much influence this untried institution would have in the political system. The presidency was weak, largely ceremonial, although individual incumbents might be influential behind the scenes. Even the strong parliament was subjected to certain checks by a new institution—the referendum, which allowed issues to be brought before the parliament if requested by as few as 100,000 signatures. This last institution's potential for mischief was considerable, at least in the longer term. However, the attempt by the Hungarian Socialist Party in July 1990 to organize a referendum on the mode of electing the president turned out to be a complete fiasco, with a turn-out of only 14 percent, as a result of which it was declared invalid.[11]

Between November 1989 and March 1990, the country engaged in a long, drawn-out campaign to elect the new National Assembly. The chief competitors were the Hungarian Democratic Forum and the Free Democrats, not the post-communist Hungarian Socialist Party. Past conflicts between the first two groups now ripened into bitter and often vindictive hostility. Moreover, each of the two incorporated within itself contradictory political currents. The Free Democrats discovered that they could apparently widen their appeal by offering the voters a radical anticommunist program based on the rapid introduction of a market system. At the same time, this party also included a strong Social Democratic element that stressed social protectionism. How these two tendencies were to be reconciled was never made clear. The Forum, while largely reflecting the views of provincial, small-town, middle-class and petty-entrepreneurial elements, as well as a strand of Christian Democracy, also had to contend with radical populists in its ranks.

In the elections, which were held under an unbelievably complex voting system, the Forum emerged decisively as the largest single party. The Free Democrats failed to match the promise of early polls and their good showing in the first round of voting. The Forum's leader, József Antall, persuaded the Independent Smallholders' Party and the Christian Democratic People's Party to join his party in a coalition, which gave the government a comfortable majority of 229 seats in the 386-seat parliament (see Table 1).

The Forum won essentially for two reasons. Hungarian opinion was impressed by its call for moderation and, equally, was unimpressed by the AFD's promise of radical change. In this sense, the Forum's victory reflected caution about the future and a fear that the self-confidence projected by the AFD would bring about an unacceptable upheaval. Issues like the introduction of anti-Semitism and the outbreak of ethnic hostilities across the border in Transylvania were relevant only on the margins. For the great bulk of Hungarians, the election was decided largely on bread-and-butter issues—i.e., who looked more capable of leading the country back to Europe.

**Table 1: Results of 1990 General Elections in Hungary**

| Party | Percentage of votes | Seats won |
|---|---|---|
| Hungarian Democratic Forum | 42.49 | 164 |
| Alliance of Free Democrats | 23.83 | 92 |
| Independent Smallholders | 11.40 | 44 |
| Hungarian Socialist Party | 8.55 | 33 |
| Alliance of Young Democrats | 5.44 | 22 |
| Christian Democratic Party | 5.44 | 21 |
| Independents | 1.55 | 6 |
| Agrarian Alliance | 0.26 | 2 |
| Joint party candidates | 1.04 | 2 |

SOURCE: From András Kőrősényi, "Parties and Voters—Parliamentary Elections in 1990," *Mozgó Világ* (Budapest), August 1990, pp. 39–51.

On May 2, the newly elected parliament assembled for the first time and learned, much to the consternation of the Forum's coalition partners, that the Forum and the Free Democrats had secretly reached a deal over a wide range of issues on the running of parliament and political life.[12] They agreed that the president of Hungary, to be elected by parliament for a four-year term, would be the noted Free Democrat, Árpád Göncz. There was agreement, too, on the staffing of the 10 permanent and 5 special committees of the parliament; on establishing an independent body to supervise radio and television; on requiring a two-thirds majority in parliament only for the adoption of basic laws affecting the system; and on one or two other, lesser issues. As the leader of the largest party, Antall emerged as prime minister–designate.

The political compact reflected the efforts of the Forum and the Free Democrats to feel their way rather gently into the new political system, a system that was untried and in the hands of individuals relatively inexperienced in democratic politics. The deal essentially excluded the smaller parties. Indeed, there was even some hostility to it from radical populists within the Fo-

[11]It was held on July 29, 1990. Legislation on referenda required a 50 percent turnout for their results to be valid.

[12]The text of the agreement was published in *Népszabadság* (Budapest), May 3, 1990.



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rum itself, although the preeminence of Antall was sufficient to overcome it. Without a deal of this kind, however, it would have been extremely difficult to run Hungary, and opposition could well have degenerated into sterile criticism. On the negative side, the compact showed up the relative fragility of the Forum itself. More important, it drew the opposition into co-responsibility with the leadership of the Forum without any compensating access to power. Over time, such recourse to closed deals might run the risk of impeding the opposition in performing its essential task of offering an alternative to the existing government.

Although the Forum's parliamentary faction comprised a blend of both radical populists and Christian Democratic elements, the government announced on May 16 was dominated by the latter wing, to which Antall belonged. Eight portfolios went to the Forum, including interior, foreign affairs, and defense; three to the Smallholders; one to the Christian Democratic People's Party; and three, including finance and foreign trade, to independents. Antall stressed that the government would pursue a policy of introducing an all-encompassing marketizing reform, whereby the share of the state in the economy would decrease from 80 percent to an eventual 20 percent. It also said it would invite foreign capital to participate in the privatization, which was to be gradual rather than sudden.

Antall's program, announced on May 22, was more a statement of general principles than a detailed, step-by-step blueprint for change.[13] It enunciated four basic principles. First, the government intended to pursue a strategy of freedom, rule of law, and affording individuals—through the restoration of freedom of enterprise—the opportunity to realize their ambitions and exercise their initiative; it would be a government of the entire people and would look to wind up the remnants of the previous regime. Second, the state was seen as an enabling body rather than as an oppressive one. Third, as far as economic transformation was concerned, the government was fully aware that the worst still lay ahead. It undertook to make a serious assessment of the situation and to seek remedies within the framework of a social market economy (a concept that included social safety nets and protection of the environment). And last, in foreign affairs (but having important cultural and social implications), returning to Europe would be the watchword.

Antall referred specifically to such heavy burdens from the past as an aging population, low life-expectancy, and poor public health. These problems would require a complete overhaul of health and social services, which would only be possible if the economy could be turned around and set on a path of growth. The housing situation would also have to be completely reshaped, as well as education. And the legal system required considerable change.

## Prospects for Political Stability

Both the government and its program were approved by parliament with 218 votes in favor, 126 against, and 8 abstentions. However, the success or failure of Antall's government would depend in the first place on whether or not it could revitalize the economy—after all, it had been the economy that brought the fall of the communist system and the installation of a democratic one. Politically, the new government benefited from the near-universal public agreement that democracy was the best possible system for the country; there was negligible support for authoritarianism. Moreover, as the product of free elections, the new government had considerable legitimacy and self-confidence. At the same time, everyone—parties, politicians, and the electorate alike—were inexperienced and sometimes had quite unrealistic expectations of what democracy could achieve.

The Forum, as mentioned, was divided. While its Christian Democratic and liberal reform wings could cooperate effectively, the populists could make considerable trouble as the only group in the Forum with a clear and well-established ideology. Unlike the other groups in the coalition, they were articulate and could mobilize support for their views. The Forum's allies were also an element of instability because they only shared some of the Forum's platform and philosophy. This was especially true of the Smallholders, who had been elected on the promise of returning all land to the peasants who had held it in 1947, or to their heirs. The Christian Democratic People's Party was rather backward-looking and amateurish. The strains within the coalition were evident as early as May, when the Forum went behind the backs of its partners to conclude the agreement with the Free Democrats. They surfaced again in mid-July, when a proposal that religious instruction be made compulsory in the schools caused a furor and had to be withdrawn (the Christian Democratic elements broadly favored the measure, while it made the liberals uneasy).

At the outset, the parliamentary opposition seemed more cohesive and more professional. The Free Demo-

[13]For a translation of Antall's presentation of the basic principles of his program to the National Assembly on May 22, 1990, see Foreign Broadcast Information Service, *Daily Report: East Europe* (Washington, DC—hereafter, *FBIS-EEU*), pp. 45–57.



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crats had strong leadership, and the Young Democrats were an innovative and energetic group. (And, of course, the Hungarian Socialist Party itself was highly experienced politically.) The Free Democrats were not content to limit themselves to acting as a loyal opposition to the government. However, their ability to act as a genuine opposition was constrained by internal division between the ascendant neo-liberal free-market current and a weaker Social Democratic current.

## Underdeveloped Conservatism

In coming to power, the Hungarian Democratic Forum and the conservative tendencies it represented not only lacked administrative experience, but also had very few ideas from which to derive a governing strategy. The HDF lacked the broad ideas by which to define conservatism at all, and it was not well placed to formulate a specific strategy for transforming a communist order into a democratic order.

In postwar Western Europe, conservative parties had evolved in two broad streams: a traditionalist current, which emphasized religion, the family, and national traditions and culture as its primary intellectual sources; and a neo-conservative stream, which was much more dynamic, and looked to free markets and individual enterprise. In Hungary, however, the communist regime had quickly eradicated the few, halting postwar attempts to create a conservatism more modern than that which had existed in the interwar period. For four decades, conservatives were either silenced or felt constrained by having to engage in a dialogue with the representatives of official communist doctrine.

After the 1956 revolution, neither nationalism nor religion proved effective in mobilizing opposition to the existing regime in Hungary. Religion was neutralized by a mixture of blandishments and threatened coercion. Much the same could be said for nationalism. Although the Soviet-imposed communists could never hope to be accepted as the legitimate agents of nationhood—the communist and nationalist agendas were too far apart for this—a sort of modus vivendi from which both benefited could and did come into being.

Consequently, when the right emerged blinking into the sunlight after the collapse of communism, it did so naked. Being right-wing was, evidently, to be anticommunist, although seeing that everyone, including the newly minted Hungarian Socialist Party, condemned the communist period, this was hardly a distinguishing position. It was difficult to put together a conservative agenda in any positive sense, and in this connection, the press of time did not help.

From one particular perspective, the conservatives of Hungary were in a genuine difficulty. Their visceral wish to return to the precommunist period and do away with everything that communism had wrought as alien and repellant placed them in a paradoxically radical position. This was because there were aspects of the communist revolution—however partial and distorted it may have been, it did constitute a social revolution—that could not and would not be undone. Some of these irreversible effects of communism included the ending of rural overpopulation and low agricultural output; the corresponding rise of urbanization, the growth of an urban proletariat, and the spread of industrial working methods; the generation of a near-universal demand for modern citizenship and democratic rights; the widespread acceptance of Western consumerist aspirations; and the disappearance of the prewar elites.

In basing itself on some of the ideas of the pre-modern, conservative, semi-authoritarian system of the interwar period, the new government was sidestepping these enormous changes in social structure, political attitudes, and values and sliding toward toward intellectual irrelevance at a time when new ideas were badly needed. Instead of trying to assess the situation in its real terms, the rightist intellectuals backstopping the new government—primarily the populists—preferred to continue as they had always done, to refer to their mission as that of the voice of the nation, and to try to understand what was happening through traditional, affective means, rather than modern, rational ones. Their weapons were fiction and poetry rather than statistical tables; the "true son" of the nation, they said, can "understand the tragedies of his people from within," and has no need of dry academic argumentation. This approach left those with the task of governing dangerously exposed to making decisions by no rational criteria—assuming they were listening to their intellectuals at all.

## The Populist Mind-Set

The intellectuals of the Right clustered around the pre-modern values of nation, religion, tradition, and family, and showed little readiness to countenance the concepts of individualism and markets that have animated neo-conservatives in the West. Indeed, such ideas have, instead, been central to the program of the Free Democrats—illustrating the confusion between Left and Right in Hungary.

In summary form, the populists begin from the proposition that the nation is the pivot of existence, that it is an



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organic community held together by affective bonds, which, in turn, are threatened by alien, modern practices. For the populists, the nation is also a moral category, so that much of their discourse is couched in heavily moralizing language, which can often be highly manipulative. In this perception, individual choice and personal accomplishment must be subordinated to the collective good; consumerism is condemned as selfishness.[14]

Somewhere at the back of the populist mind-set is the ideal of the self-reliant, largely autarkic peasant family, clearly patriarchal, which is the repository of the finest values of the Hungarian nation, to which the commercial economy is alien, and for whom agricultural activity is largely for subsistence rather than being oriented toward commodity production. Because such peasants scarcely exist in contemporary Hungary, the populists' ideal type has tended to be discerned instead in the stable family, with two or three children, with modest aspirations, with a relatively low educational level, but feeling superior to the lumpenproletariat, not least because the term "lumpen elements" tends to be a code word for the Gypsies, who are viewed as being "outside" the Hungarian nation. In effect, the populists articulate the apprehensions and desires of the lower middle class and upper working class, many of whose members are first-generation migrants to the city and fear the challenge of competition, democracy, and modernity.

Although anti-Semitism is not an automatic corollary of this set of attitudes, the Jewish question inevitably arises in populist discourse because, as a result of the very particular patterns of Hungarian history, Jews were among the primary modernizers in the 19th century and hence are seen as the bearers of the alien values of modernity. Some, though by no means all, of the populists have brought anti-Semitism back to the political agenda by, in effect, arguing that Jews cannot become members of the Hungarian nation, and thus their ideas in politics are suspect and alien.[15] There lurks the suspicion among some populists that establishment of a liberal democracy in Hungary is tantamount to letting the Jewish liberal milieu " 'assimilate' the Hungarian nation to its style and thinking."[16]

## The Government's Foci

Although the ruling coalition, to be fair, has not openly endorsed the perspectives of the populists, it has done little to distance itself from them either in the eyes of Hungarians. In essence, it appeared to have four major reference points in formulating its strategy. The first of these is the "nation." Using the nation as a legitimating principle is, of course, perfectly proper, but this should involve a wide-ranging open debate about the definition of nationhood, its functions, and its objectives in the 1990's. The nearest the government came to this was the prime minister's declaration that he was spiritually the prime minister of all Hungarians, i.e., including those living in the post–World War I successor states as well as those in Hungary proper.[17]

The second reference point is religion, which found a concrete expression, for example, in the proposal (subsequently withdrawn) to introduce compulsory religious education in schools.[18] In broader terms, religion was the basis of a social protectionist attitude according to which the state had far-reaching responsibilities for the welfare of the nation—a view that could, in turn, be utilized to legitimate an étatist, interventionist strategy.

That leads directly to the third reference point, étatism itself. To judge by the policies of the government, it is reluctant to accept the introduction of the market, and, indeed, was elected on a "moderate" platform that promised only a slow movement toward marketization. Rather than contemplate a big-bang approach to privatization, the policies of the government have tended to favor a privatization from above, with considerable powers given to state agencies. It was inevitable that this would reproduce some, though not all, of the worst features of the communist party-state and would give rise to the standard problems of patron-client networks, the parasitic relationship of state to society, the blocking of initiative and energies, and the restriction of choice.[19]

The fourth reference point concerns the language of public discourse and the debates themselves. The coalition found itself in a difficult position with respect to the media, which are overwhelmingly staffed by individuals whose thought-world and attitudes are far more open to liberal-rational ideas than to the "Christian mid-

[14]The second issue of *Századvég* (Budapest) for 1990 is devoted entirely to the question of populism. See, in particular, the article by Mária Heller, Dénes Némedi, and Ágnes Rényi, "Debates on Population Growth, 1963–1986," pp. 69–105.

[15]See the writings of István Csurka, passim. Sándor Csoóri, in many respects the most prestigious spokesman of the populists, has also implied that Jews are outside the definition (his definition) of Hungarian culture. See his "Daylight Moon," *Hitel* (Budapest), Sept. 5, 1990.

[16]Ibid.

[17]See *FBIS-EEU*, June 4, 1990, pp. 41–42; ibid., Aug. 14, 1990, p. 20; and Antall's speech of May 22, 1990, loc. cit.

[18]There was an interesting parallel here with Poland, where the legislature reportedly passed a law outlawing abortion. See *The Independent* (London), Oct. 2, 1990.

[19]On some of the consequences of state-directed privatization, see Kálmán Mizsei, Ed., *A privatizációs kihivás Kőzer-Kelet-Európában* (The Challenge of Privatization in East-Central Europe), Budapest, MTA Világgazdasági Kutató Intézet, 1990.



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dle course" professed by the government. This was largely by happenstance and not because, as the government tended to believe, journalists and communicators were in the pockets of the main opposition party.

Whatever the reality, the government came to feel that it was not being treated even-handedly by the media, that the media were dominated by liberal intellectuals who excluded alternatives like its own, and hence its sensitivity to media treatment grew by leaps and bounds. This was no doubt made worse by the inexperience of the government and its ministers in handling criticism and by the frequently personalized and moralizing tone of media comment. In any case, demands for tighter government control of the media, with an unmistakably authoritarian flavor, began to be heard, especially from among the populists.[20] This anti-liberal paranoia was a serious obstacle to the modernization of Hungarian conservatism.

The hesitation of conservatism in Hungary to modernize itself had a further, undoubtedly unintended consequence—to an extent, it began to pull the liberal opposition onto its own ground. In part, this was predictable, inasmuch as in all political systems, the government sets the agenda and the opposition responds to it. If that agenda was primarily concerned with questions of what constituted the Christian and European values of Hungary, then the opposition was bound to become involved, and neither would be focusing on strategic policy issues facing the society.

The Free Democrats regarded themselves as the protagonists of liberal European values. Where they were weak, however, was in formulating a conception of the role of nationhood in politics. If anything, they tended to dismiss it uneasily as an irrelevant leftover from the past, which was manifestly a mistake on their part. The result seems to have been that the main opposition party felt itself vulnerable on the national issue and reacted—even overreacted—when the government made reference to it. (At one point, the Free Democrats walked out of the National Assembly in response to Foreign Minister Géza Jeszenszky's claim that the government coalition was the only authentic representative of European values in the parliament.)[21] Were the Free Democrats to allow themselves to be preoccupied by petty squabbles over which party is the most "European" in outlook, it would not enhance the parliamentary process.

When a political party or governing coalition relies on categories that are of only limited value in drawing the cognitive map by which the political situation can be understood, its solutions will be ineffective or counterproductive. This is already seen in the delay and uncertainty in formulating an economic program. In the medium term, a major economic crisis could easily leave Hungary's government stripped of its legitimating ideology, its self-legitimation undermined.[22]

The government already suffered a loss of prestige in the local government elections of September 1990, where it lost heavily to the opposition parties. Its ability to handle its responsibilities was seriously tested with the taxi drivers' blockade at the end of October. Taxi drivers, incensed at a 75 percent increase in fuel prices, barricaded the bridges and main road junctions in Budapest in protest. The issue here was not the price rise itself, but the fact that blockades were set up throughout the country; in other words, virtually the whole of society chose to involve itself in a symbolic action supportive of the blockade. The initial response of the government was one of near panic—to dismiss the taxi drivers' action as illegal and threaten the use of force to end it. It was only later that the government showed itself ready to compromise.

The lesson of the blockade was that society expected early action to resolve the economic situation. The government's difficulty was that its lack of a clear philosophy forced it into a shallow pragmatism that was hard to distinguish from hand-to-mouth opportunism. In the event of a crisis greater than the blockade, this absence of any ideas underpinning the government's actions could leave it seriously depleted of intellectual resources and subject to collapse. The question is whether, in a relatively untried democracy like Hungary's, a collapse of this kind would only bring down the government or would destroy the fragile new system as a whole.

[20]Csurka, again, made repeated calls for government control over the electronic media.

[21]See *FBIS-EEU*, Sept. 12, 1990, pp. 22–24.

[22]On crises of legitimacy, see Andrew C. János, *Politics and Paradigms*, Stanford, CA, Stanford University Press, 1986, pp. 142–46, and the literature reviewed there.



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# Wałęsa's Leadership and Poland's Transition

**Voytek Zubek**

In August 1980, out of almost total obscurity, Lech Wałęsa burst onto the national and international scene, and over the course of the 1980's, he ascended to the position of Poland's internationally renowned national leader. But at the end of the decade, his role in Poland's politics had begun to change and by mid-1990, he had become engaged in a bitter political struggle against part of Solidarity's leadership. If the presidency of Poland is the reward for Wałęsa's struggle, the price of victory may be his image as the leader of the Polish nation.

Wałęsa's elevation to the position of Poland's leader and to the status of a world-famous figure occurred in a complex process that unfolded throughout the 1980's and involved three basic elements: first, his own talents and personality; second, calculated efforts on the part of Poland's intellectual and cultural figures to promote his image as the nation's leader and to surmount traditional historic prejudices that would have made him unacceptable to the society's intelligentsia milieux; and third, Wałęsa's attractiveness to the Western mass media.

When Wałęsa's considerable personal talents are enumerated, no single one among them is so overwhelming that it alone could be deemed responsible for his political odyssey. Rather, a range of talents and attributes converged to help shape his political ascent in the peculiar conditions of Polish society in the 1980's.[1]

Courage and persistence are among Wałęsa's chief personal assets. He had already established himself as a bold and stubborn opponent of the communist system in the 1970's, when both the considerable strength of the government and his own nearly total obscurity as a grass-roots labor leader allowed the authorities to harass him at will. By the end of the 1970's, he was among the first workers to join the incipient independent labor movement,[2] and he did so at a time when struggle against the system took far greater courage than it took to battle the disintegrating communist regime in the late 1980's as a famous national leader.

Wałęsa has also shown a great deal of political common sense[3] and an ability to see the "big picture," a tendency that has usually led him to further his career and political goals through compromise and coalition-building. Wałęsa's trademark has been political moderation and his open self-advertisement as a balancing factor between extremes,[4] or at least as a proponent of the lesser evil.

However, one of Wałęsa's most compelling talents was his ability to sway working-class crowds through impromptu, improvised speeches. Wałęsa's folksy sense of humor, avuncular pose, and manner of speech, full of working class grammatical idiosyncracies and accentuated by his muted peasant–working class accent, built a natural bond of almost familial acceptance between him and the crowd, and their enthusiasm propelled him into the position of their tribune.

Even more unusual is Wałęsa's ability to engage in a symbiotic relationship with Poland's top intellectuals while at the same time maintaining a pose of almost dis-

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[1]One could reach such a conclusion upon reading a collection of essays written by Wałęsa's friends and associates: *Lech Wałęsa*, Gdańsk, Wydawnictwo Morskie, 1990.

[2]See Tadeusz Nowak, *Zanim powstała Solidarność* (Before Solidarity), Gdańsk, Norbertinum, 1990.

[3]Wojciech Jaruzelski himself exclaimed: "A strong man, with such political instinct." *Gazeta Wyborcza* (Warsaw), Dec. 19, 1989.

[4]He exhibited such behavior from the outset of his political career. See, for example, *Gdańsk—Sierpień 1980* (Gdańsk—August 1990), Warsaw, IWZZ, 1981.



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dainful independence. On the one hand, Wałęsa can be very humble toward the intellectuals and stress the uniqueness and the vital nature of their skills for the Solidarity movement and for society. On the other hand, he consistently has taken the opportunity to belittle their skills and question their usefulness, and has stressed their secondary importance in Solidarity behind his leadership.[5] Wałęsa himself has never been interested in academic and intellectual pursuits. He frankly admits to possessing only the most rudimentary education, and professes to take little pleasure in reading books or pursuing organized study and inquiry.[6]

The reasons why Poland's leading intellectuals and and cultural figures have been able to work with Wałęsa and did their best to further his image as the nation's leader among the middle class and the intelligentsia were almost purely pragmatic. Most had long tried to change the system either as reformers on the inside or as dissenters on the outside. However, the system was consistently able to neutralize reform attempts that stemmed primarily from intelligentsia milieux. It was not until the diverse middle-class and intellectual dissidents were able—under the umbrella of Solidarity—to unite with a massive labor movement that a social movement emerged capable of forcing systemic changes and bring about the eventual withering away of communist rule. In the grand scheme, Wałęsa was a powerful working-class leader with whom leading intellectual dissidents were able to cooperate and, in the long run, with whom they were able to establish a symbiotic relationship. Until the situation changed dramatically in 1990, his assets and strengths definitely outweighed his liabilities and idiosyncracies. So, in the intellectuals' view, it was to the general advantage of the movement and the particular advantage of intellectual leaders to promote his image as the nation's leader.

Finally, for the West, Solidarity and Wałęsa presented a fascinating spectacle at a time when the Soviet bloc had plummeted into the pathetic depths of Brezhnevite stagnation. Throughout the 1980's, the Polish struggle, together with the Hungarian reform movement and, later, *perestroyka,* were in the vanguard of change in Eastern Europe. Thus, with the aid of Poland's intellectual leaders, Wałęsa's charismatic image was embraced and popularized by the world's mass media. Paradoxically, it was such Western images of Wałęsa's leadership that helped to convince many of Poland's middle-class skeptics to embrace him as well.

## Ineffective Reform and Labor Strife

Despite its unprecedented accomplishments, the circumstances were not right for Solidarity to prevail in the early 1980's. As it turned out, the system still had enough strength to impose martial law. In any event, the military implementation of the Brezhnev Doctrine from outside was highly probable. But for the system to destroy Solidarity's institutional structures and to cling to power through repressive means was one thing; it was quite another to prevent Solidarity from continuing its underground activities while establishing a legitimate government that would be able to lead the society out of its acute socio-economic crisis.

Although, on balance, the labor-union side of Solidarity managed to survive in the underground,[7] it was its non-union subcomponents that really blossomed during martial law and the failed post–martial law "restoration." Solidarity's middle-class constituencies managed to organize a massive publishing and distribution effort that almost completely undermined the communist regime's monopoly on the mass media.[8] During the seven years of its illegal existence, through complex, multifaceted, and highly decentralized efforts, Solidarity subverted and compromised most social institutions and thus contributed to the withering away of communist rule.

Another blow to the system was delivered by the "great reform debate" of the mid-1980's, a debate that was introduced by the authorities in the hope that it would produce some ideas for combating the nation's chronic economic crisis. Instead, the very foundations of the system were comprehensively attacked and undermined in this semi-official debate. The final blow was delivered by the changes taking place in the USSR—*perestroyka* took the last breath out of the post–martial law "restoration," and Soviet "new thinking" left Poland's communists largely to their own devices in their struggle with Solidarity.

While the winter of 1987–88 brought the continuation of the economic crisis and the further erosion of living standards, the calls for negotiations on the part of the Wałęsa group or other moderate Solidarity leaders went unanswered by the party leadership, which chose instead to try to reverse society's economic fortunes through some rather feeble reform attempts.[9] The dra-

[5]Also a characteristic of Wałęsa's from the very beginning. See Jerzy Kołodziejski, "Surely He is a Tribune of the People," in *Lech Wałęsa,* pp. 116–23.

[6]Lech Wałęsa, *Droga nadziei* (The Path of Hope), Kraków, Znak, 1990.

[7]Jerzy Holzer and Krzysztof Leski, *Solidarność w podziemiu* (Solidarity in the Underground), Łódź, Wydawnictwo Łódzkie, 1990.

[8]The scope of this effort is dealt with in Anna Bikont, Piotr Bikont, and Wojciech Cesarski, *Małe vademecum Peerelu* (A Tour Guide of the Polish People's Republic), Warsaw, Agora, 1990.



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matic change occurred during the spring and summer of 1988, when the hopeless economic crisis led to another round of labor actions and strikes.[10] These strikes were led not by Solidarity moderates but by younger and more radical leaders, who viewed Wałęsa and other old Solidarity leaders as "the senators," i.e., those who had achieved considerable personal gains from their association with Solidarity and who were seen as having little in common with the economic plight of younger workers.

Solidarity's established leadership was jolted by the avalanche of strikes and labor actions in the spring of 1988, and by the frequency with which many of the leaders of "old" Solidarity unions were disregarded or sometimes even ridiculed by the emerging new leadership of the rebellious workers.[11] In most cases, the strikes were either under the partial influence of Solidarity's underground organization or, as was frequently the case, the strike leaders wanted no Solidarity involvement at all, so as not to further enrage the authorities in the labor negotiations.[12]

The rapidly weakening government had neither the resources to satisfy the demands of rebellious workers, nor the brute strength necessary to repress them. Consequently, a likely outcome was the further radicalization of this spontaneous labor movement and its merger with Solidarity's most extreme elements, such as "Fighting Solidarity" or the group led by Marian Jurczyk which later became known as "Solidarity 80." It was also likely that this new political force would attract many of the extra-Solidarity extremist political groupings and political parties that had already begun to proliferate. A vicious cycle was about to begin—with strikes and decreasing productivity further depressing living standards, and depressed living standards in turn leading to more strikes. Thus, the weakened communist leadership would have to contend not only with its old nemesis, the multifaceted but prudent and moderate Solidarity coalition, but also with a new and violence-prone labor movement that would eventually attract society's most militant political forces.[13]

As it turned out, further deterioration was prevented only by negotiations with Solidarity, thus bolstering its image. At the end of the summer of 1988, the authorities concluded an agreement to convene round-table negotiations with Solidarity.[14] The party's promise to recognize Solidarity and to enter into negotiations with its leadership strengthened the conciliatory and negotiations-oriented thrust of Wałęsa and his supporters and enabled them to contain the avalanche of strikes and preempt the emergence of a new radical labor movement. Chaos was thus prevented, although a few strikes continued to erupt. Labor actions focused upon salary demands that the government of Mieczysław Rakowski cynically satisfied by simply printing more money and unleashing galloping inflation.

## The Zenith of Wałęsa's Leadership

Thus began the true glory days for Wałęsa. He had spent the six years since the imposition of martial law—including an initial year in internment—under such close supervision by the secret police that during that time, his role, although highly visible and vital for the movement, had been mainly symbolic. Now, as in the period of Solidarity's legal existence in 1980–81, he was able to travel to striking enterprises and use his magic to appeal for patience. By autumn 1988, Wałęsa had fully returned to his former prominent position and, together with the intellectual leaders of the movement, helped to shape a negotiating team for the forthcoming round table.[15] What resulted was a formula that would highlight Wałęsa's image as leader and link his leadership to a body dominated by top intellectual leaders that came to be known as the "Citizens' Committee of Lech Wałęsa."[16]

Although intellectuals dominated the preparatory negotiations for the round table—a complex series of meetings known as "Magdalenka,"[17]—Wałęsa and

[9]See B. Minc, *Zreformować reformę* (To Reform the Reform), Warsaw, ALMA-PRESS, 1987; S. Kuziński, *Polityka gospodarcza* (Economic Policy), Warsaw, PWN, 1987; and S. Lewicki, *Co z tą reformą?* (What is Happening to the Reform?), Warsaw, IWZZ, 1985.

[10]Right from the outset, the authorities seemed to recognize that these strikes signified a qualitatively new development. See the statements of the government's press spokesman in *Rzeczpospolita* (Warsaw), May 5, 1988; Jerzy Baczyński and Zbysław Rykowski, "Right to Action," *Polityka* (Warsaw), May 21, 1988; and Jerzy Baczyński et al, "Metal Fatigue," ibid., May 14, 1988.

[11]Jadwiga Staniszkis, "The Obsolescence of Solidarity," *Telos* (St. Louis, MO), Summer 1989, pp. 37–50.

[12]See, for example, ibid.; Holzer and Leski, op. cit.; and Krzysztof Teodor Toeplitz, "Monopoly on Finger-Burning," *Polityka*, May 22, 1988.

[13]See Anna Bielska and Stefan Maroda's interview with Jerzy Holzer in *Konfrontacje* (Warsaw), September 1988, p. 9.

[14]The principal offer to negotiate was stated during the Eighth Plenum of the Polish United Workers' Party (PZPR), August 27–29, 1988. Wałęsa was invited by name to take part in negotiations during Jerzy Majka's press conference at the end of the plenum. The concept of the "round-table" negotiations was formulated in the following days by Czesław Kiszczak.

[15]Bronisław Geremek, "Warsaw Spring?" *Polityka*, Apr. 23, 1989; and Jadwiga Staniszkis, "New Configurations on the Political Scene," *Res Publica* (Warsaw), April 1989, pp. 2–13.

[16]After a series of preparatory meetings, the committee was finally established on December 18, 1988.

[17]A very enlightening description of this process may be found in an interview with General Czesław Kiszczak in *Polityka*, Sept. 8, 1990; see also the interview with Andrzej Stelmachowski in ibid., Feb. 4, 1989; and the interview with Józef Czyrek in ibid.



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*Left to right, Prime Minister Tadeusz Mazowiecki, Solidarity leader Lech Wałęsa, and President Wojciech Jaruzelski at the commemoration in Gdańsk of the resistance offered to invading German forces by Polish troops stationed at the fort of Westerplatte.*

**—F. Zecchin/Magnum.**

other labor leaders also played important roles in this process. But Wałęsa's participation in the round-table negotiations themselves was essentially limited to attending their opening and celebrating the signing of the agreements. Wałęsa chose instead to traverse the country and deliver a number of speeches in support of the negotiations, while letting the intellectuals iron out the details of the agreement at the round table itself.[18]

The conclusion of the agreements was followed by an intensive two-month electoral campaign for seats in the Sejm and newly established Senate. While he actively campaigned for the Solidarity ticket, Wałęsa himself was not a candidate, believing that occupying an individual parliamentary seat would not be fitting for a man of his stature. Beyond campaigning for the movement as a whole, he devoted himself to rebuilding the labor union.

In the campaign, however, Wałęsa's image as the leader proved vital as a rallying point for Solidarity candidates. Given the multitude of independent candidates and candidates from small parties and a certain degree of chaos that accompanied the first competitive elections in the living memory of most of the population, Solidarity's candidates clearly benefited from advertising that made them recognizable as members of "Lech's team."[19] With a single exception, all of the Solidarity candidates commissioned special campaign posters in which they were featured in a ritualistic pose with Wałęsa.

The scope of Solidarity's victory was overwhelming—it won all of the 161 contested races for Sejm seats[20] and all but one of the races for seats in the Senate. This crushing defeat of the communist-led coalition in the elections caused it to fall apart. The leaders of the communist party's coalition parties quickly realized that if their organizations were going to survive politically in the new era, they would have to become allies of Solidarity.[21] The party no longer had the power to stop them from shifting alliances.

However, in the immediate aftermath of the election, neither Wałęsa nor any of Solidarity's intellectual leaders realized that taking over the government was within their grasp.[22] Solidarity's leaders simply misjudged the new balance of power in society and in the parliament. According to their calculations, Solidarity's powerful parliamentary caucus was to play the role of a critical, constructive opposition until the next, completely free elections in 1993, when, after the expected victory, Solidarity would take command of government.[23] Such timidity in the face of historical opportunity stemmed from the intellectual leadership's faith in its own ad hoc ideological scheme, a theory of "stages" or a blueprint for the movement to take power over a period of three to four years. Actually, it was quite an elaborate program that stressed the need to train mid-level specialists and Solidarity's need to gain experience as a parliamentary opposition over a period of time before it would be ready to take over. Therefore, on the eve of the histori-

[18]Holzer and Leski, op. cit., p. 172.

[19]Voytek Zubek, "As Elections Move East: Poland's Party Self-Destructs," *Orbis* (Philadelphia), Spring 1990, pp. 179–93.

[20]Uncontested seats—65 percent of the total in the Sejm—were to go to the coalition led by the party. The PZPR ultimately received 173 seats (37.5 percent of the total); the United Peasant Party, 76 seats (16.5 percent); the Democratic Party, 27 seats (6 percent); the pro-regime Catholic organization PAX, 10 seats (2.2 percent); the Christian-Social Union, 8 seats (1.7 percent); and the Polish Catholic-Social Union, 5 seats (1.1 percent).

[21]"In the Country," *Tygodnik Solidarność* (Warsaw), July 6, 1989; Leszek Będkowski, "Along the Ridge," *Przegląd Tygodniowy* (Warsaw), July 16, 1989; Aleksander Chećko, "Steadfastly Defending the Cause of the Peasantry," *Polityka*, July 22, 1989; and Chećko, "Flowing Lava," ibid.

[22]Ex post facto, Wałęsa admitted this openly in an interview in *Polityka*, Jan. 27, 1990; see also the interview with Professor Zbigniew Pełczyński in *Tygodnik Powszechny*, May 7, 1989.

[23]Adam Mielczarek, "Within or Outside the System?" *Res Publica*, April 1989, pp. 29–32; and Marcin Król, "In Parliament But Outside It," ibid., pp. 33–34.



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cal breakthrough, only cautious and limited moves were contemplated by the victorious leadership. Nevertheless, although Solidarity and its new coalition partners lacked the political nerve to run their own presidential candidate against Wojciech Jaruzelski, they did manage publicly and dramatically to humiliate him by prearranging his election in the Sejm and Senate by a majority of only one vote.[24]

Soon, the exceedingly cautious Solidarity leaders realized that their political challenges were being answered only by the moans of pro-party journalists, not by any counter-challenges from the party. With the passing weeks, in the close quarters of Warsaw politics, the communists' power increasingly revealed itself to be a falling house of cards. At about the time this realization had become widespread, the still overly cautious parliament confirmed Jaruzelski's close associate, Czesław Kiszczak, as the premier-nominee.[25]

Subsequently, the Polish drama entered its tragicomic act. Although all pretense had already been exploded by Adam Michnik's blunt slogan "Your President, Our Premier,"[26] the final avalanche did not begin until the ludicrousness of the situation became starkly apparent when Kiszczak in desperation had to lobby Solidarity to form a coalition government. The parliament refused to approve Kiszczak's candidates for ministerial posts, and soon, amidst stalemate and feverish negotiation, Kiszczak tendered his resignation,[27] leaving the door wide open for the formation of a Solidarity-led government.

In this process, Wałęsa assumed center stage. Although having successfully accomplished most of the delicate dealings undertaken up to that point, Solidarity's intellectual elites were at the same time entering completely uncharted waters. In an atmosphere of tremendous insecurity and uncertainty, Wałęsa's populist leadership was needed more than ever before. The weight of the whole movement had to be clearly positioned in support of whatever steps were to be taken. Repeatedly, through his statements and other symbolic acts, Wałęsa sanctioned and legitimized the various steps leading to Solidarity's takeover of the government. More concretely, it was Wałęsa himself who undertook the negotiations between Solidarity and the Polish communist party, the United Peasant Party, and the Democratic Party to form a Solidarity-led coalition government.[28]

Although most judged the position to be his for the taking,[29] Wałęsa's vaunted political intuition apparently told him to remove himself from serious consideration as a candidate for the premiership. The challenges of the office would require the most extensive analytical and managerial skills, and there was no assurance that the new government would succeed. Wałęsa bluntly declared himself not to be a candidate for the office,[30] and used the opportunity to tip the balance in favor of Tadeusz Mazowiecki, an intellectual with whom he had cooperated since the early days of the movement.[31] At this time, in an atmosphere of general social insecurity and anxiety over the transition, Wałęsa's decision was accepted by Solidarity and Polish society without serious repercussions.

Subsequently, Wałęsa's boosterism was vital in generating the huge outpouring of social support for the government. Indeed, Wałęsa was one of the key architects of the lengthy honeymoon between Solidarity's government and the society, a honeymoon that persisted until the spring of 1990, when the combination of economic problems and Wałęsa's own mounting attacks on the government began to weaken its support.

## The Myth Collapses

The seeds of discord between Wałęsa and the intellectual leadership of the movement could be detected even during the heady days of the summer of 1989. While the communist party was collapsing like a house of cards, the paramount question was what kind of new political force would emerge from Solidarity's broad coalition. An early answer was the Citizens' Committees, an ad hoc network of civic clubs that organized Solidarity's electoral campaign after the round-table agreements. The Citizens' Committees were under the loose guidance of the "granddaddy of them all," the original "Citizens' Committee of Lech Wałęsa," but in fact they were very autonomous bodies controlled by local activists.

Solidarity's intellectual leadership hoped to solidify these committees into some kind of centrally controlled political organization that would at first play the role of a quasi-party and then eventually evolve into a strong

[24]Krzysztof Leski, "For One Vote," *Gazeta Wyborcza*, July 21, 1989; Ewa Milewicz, "More About the President: Should a Government Be Formed?" ibid., July 24, 1989.

[25]Ewa Milewicz, "A Cabinet of Shadows," ibid., Aug. 4, 1989.

[26]Adam Michnik, "Your President, Our Premier," ibid., July 4, 1989.

[27]"Czesław Kiszczak's Resignation from the Premiership," *Trybuna Ludu* (Warsaw), Aug. 18, 1989.

[28]"Wałęsa's Position: A Cabinet of Shadows," *Gazeta Wyborcza*, July 27, 1990; Lech Wałęsa, "I Will Try to Form a Coalition with the ZSL, SD," ibid., Aug. 9, 1989; and Maciej Zalewski, "Five Hours in the Sejm," *Tygodnik Solidarność*, Sept. 1, 1989.

[29]See, in particular, the transcripts of the negotiations in *Tygodnik Solidarność*, Sept. 1, 1989.

[30]"I did not want to, I do not want to, and I will not be the premier." "OKP, ZSL, SD," Gazeta Wyborcza, Aug. 18, 1989.

[31]A detailed description of the debate on the candidates can be found in Zbigniew Domarańczyk, *100 dni Mazowieckiego* (Mazowiecki's 100 Days), Warsaw, Andrzej Bonarski, 1990, pp. 85–87.



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party. This quasi-party closely associated itself with the Citizens' Parliamentary Caucus (*Obywatelski Klub Parlamentarny*—OKP), which was made up of Solidarity deputies elected to the Sejm and Senate, and later with the Solidarity-led government that was supported by this caucus. However, Solidarity's parliamentary representation was dominated by intellectuals and cultural figures, and the middle class and intellectuals predominated among the local Citizens' Committees. Thus, it quickly became apparent that this quasi-party—the network of Citizens' Committees—would be largely controlled by Solidarity's intellectual leaders. The leaders of the various branches of the broad and complex movement expressed reservations about the emerging concentration of political power, and some among the intellectual leadership had an eerie feeling about it as well.

Ultimately, Wałęsa, together with most labor and peasant leaders and some intellectuals, pressed for the dissolution of the committees.[32] The committees were later revived before the local elections in May 1990 and again performed with real effectiveness, but by that time, Solidarity's unity had disintegrated and its political factions had become highly polarized. The committees' reincarnation was simply a temporary expedient to root out the remnants of the *nomenklatura* that remained embedded in the local bureaucracy.

Another early seed of discord was sown in the affair surrounding the takeover by Wałęsa and the labor union of the weekly *Tygodnik Solidarność,* after its editor-in-chief, Mazowiecki, became the premier. Wałęsa's outright nomination of a new editor who was personally loyal to him led to protest resignations by the editorial team and a rather lofty and stilted national debate on the freedom of the press.[33]

The early success of the Mazowiecki government and the widespread adulation it won in its first half-year in office proved to be another factor contributing to the growing rift. The government seemed, in the eyes of many, to have become something very close to a kind of ideal populist government led by "selfless, patriotic experts." During this phase, not only had members of the government avoided even the hint of using their offices for personal gain, they also represented a level of personal culture and civility that, after the 45 years of rule by uncouth *apparatchiks*, completely charmed most of society.[34] For Wałęsa, for many labor leaders, and for the gradually solidifying peasant leadership—who, together, represented the majority in the society—there was ample reason to feel growing unease about the durability of their influence.

The end of 1989 brought what might have seemed to be the waning of Wałęsa's political power. The labor-union organizing drive to which Wałęsa had so prominently devoted himself was advancing only slowly.[35] The old official labor union, the National Confederation of Trade Unions (OPZZ), continued in existence, now as an organization that focused upon workers' economic demands. To Solidarity's embarrassment, the OPZZ still had about twice Solidarity's membership. In addition to being consumed by the uphill unionizing struggle, which also involved confronting the various splinter groups within Solidarity's labor union, Wałęsa was not a part of the immensely popular government or of its parliamentary caucus, the OKP.

Thus, the institutional roots of Wałęsa's leadership had begun to appear quite shallow. However, he was not yet ready to play the role of a political retiree at the ripe age of 47. Instead, he focused his ambitions on the presidency.

***The fray begins.*** With only two small political parties left as heirs to the defunct communist party,[36] and with the government having succeeded in taking control of the last pillars of Jaruzelski's presidency—the military and the police[37]—the other side of the round-table agreements de facto had disappeared. Jaruzelski had become a powerless titular leader whose days were considered numbered. In fact, the time had clearly come for candidates for the presidency to begin their campaigns, and there were simply no compelling reasons for Wałęsa to remain out of the contest.

Nothing in the repertoire of political skills that had sustained him throughout the decade had diminished;

[32]See Andrzej Kaczyński, "Storm in the Auditorium Maximum," *Tygodnik Solidarność,* July 6, 1989; Maciej Zalewski, "Where to Start?" ibid.; Maciej Radziwiłł, "The Union and Citizens' Committees," ibid.; Ewa Jastrun, "Are the Citizens' Committees Unnecessary?" *Gazeta Wyborcza,* June 20, 1989; Jerzy Modlinger and Paweł Romaniuk, "The Committees on their Future," ibid., June 21, 1989; and Piotr Pacewicz, "The Citizens' Committees: For and Against," ibid., June 24, 1989.

[33]In their last issue, the departing journalists vented their feelings: see "56 Issues," *Tygodnik Solidarność,* Oct. 6, 1989; Jerzy Modlinger, "*Tygodnik Solidarność*—A Story of the Conflict," *Gazeta Wyborcza,* Oct. 5, 1989; and Anna Matałowska, "Independence Is In," *Polityka,* Oct. 14, 1989.

[34]This is thoroughly discussed in Domarańczyk, op. cit.; see also Stanisław Nowicki, "Poland and the Poles," *Polityka,* Dec. 23–30, 1989.

[35]See the interview with Lech Kaczyński in *Tygodnik Solidarność,* Jan. 19, 1990.

[36]Namely, the Social Democracy of the Republic of Poland (SDRP), led by Aleksander Kwaśniewski, and the Union of Social Democracy of the Republic of Poland (USRP), led by Tadeusz Fiszbach. See the interviews with Kwaśniewski and Fiszbach in *Polityka,* Feb. 3, 1990.

[37]Tomasz Janowski and Paweł Tomczyk, "Functionaries '89'," *Tygodnik Solidarność,* Jan. 12, 1990; Witold Pasek, "Before the Storm," ibid., Apr. 20, 1990; and Andrzej Urbański, "The Great Game," ibid.



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he was as effective as ever at swaying the working-class crowds and was as inclined as ever to cooperate with the intellectuals and cut political deals with anyone who held significant political power.[38] Beyond such obvious reasons why Wałęsa would inevitably be viewed as a leading contender for the post, there were also reasons of political expediency and pragmatism that presumably would have bolstered his chances even more. By cutting a political deal with Wałęsa at the beginning of 1990, the ruling Solidarity coalition could have held together its diverse and discordant elements and maintained itself in power for another year or two. This could have facilitated the economic transition and, by buying more time, would have made the eventual breakdown of the coalition less wrenching.

There was also the political vacuum due to the slow development of a Western-style party system. On the one hand, all quarters clearly expressed the consensus that ultimately Poland had to and would develop a multiparty system akin to that of most West European societies. On the other hand, it was also quite apparent that more time would be needed before some of the rapidly proliferating tiny new parties could develop into significant political parties. In the interim, it did not seem unreasonable to expect Solidarity's political coalition to fill the political vacuum.

However, to his amazement, when Wałęsa began in late 1989 to lobby discreetly for the presidency, he found the response of the intellectuals in the legislature and in the government to be cool, to say the least.[39] In fact, the more interest Wałęsa exhibited in the presidency, the more noncommittal and discouraging the feedback from the Warsaw elite became. After the initial interlude of polite suggestion, Wałęsa began to press harder and more publicly, and, in return, the stonewalling in response to his efforts became more pronounced.[40]

Subsequently, Wałęsa decided to come out swinging wildly and was paid the same coin in return. The battle for the presidency thus reached a dramatic and hysterical pitch from which it would not descend until the final vote was tallied in the popular presidential elections of late 1990.

***Sources of opposition to Wałęsa.*** Why did the intellectual leadership prove to be so hostile toward the political ambitions of the man with whom they had had such a long history of successful cooperation? If the reasons for cutting a deal with Wałęsa were compelling,[41] why then did Warsaw's "best and brightest" choose to oppose his political ambitions while at the same time they were publicly clamoring for unity?[42] Three factors were at work here: first, an explosion of class prejudice that throughout the 1980's was suppressed by the all-consuming efforts directed at combating the communist regime; second, the envy inspired in Polish elites by the elevation to power in neighboring countries of rather sophisticated, even cosmopolitan, political leaders; and third, a combination of political naïveté, inexperience, and pretentiousness on the part of most of the intellectual leadership.

The decade-long struggle had changed very little of Wałęsa's vintage folksy demeanor or his accent and manner of speaking. Instead, he remained a quintessentially working-class figure throughout. At the same time, with the demise of the great communist enemy whose existence had helped Solidarity to maintain discipline in its ranks, the specific features of the culture of the East European intelligentsia in its Polish version began once again to weigh heavily upon political matters. Among other things, this cultural ethos includes many romantic and especially elitist remnants from the 19th century.

In a dramatically altered political environment, Wałęsa's political assets seemed less compelling, and, instead, the intelligentsia came to view him as a rather embarrassing figure. Throughout the stages of ensuing political struggle, certain personal epithets characterizing Wałęsa were repeated by the intellectuals with such consistency and persistence that it would be hard to consider them merely political rhetoric and not the expression of deeply rooted attitudes. Particularly striking was the insistence that Wałęsa was "unsuita-

[38]At an early stage of the confrontation between Wałęsa and the Solidarity intellectuals, Piotr Wierzbicki offered a cynical assessment of Wałęsa's political skills and effectiveness. See Piotr Wierzbicki, "The Sphinx from Gdańsk: Sketches for a Portrait of Wałęsa," ibid., Feb. 9, 1990.

[39]For example, his reform initiatives were categorically rejected without any negotiations. See "The Caucus and Wałęsa's Proposals," *Gazeta Wyborcza,* Dec. 19, 1989; and "Mazowiecki: Not Recklessly," ibid.

[40]For instance, to stir the pot, Wałęsa ostentatiously met with Mieczysław Rakowski, still the first secretary of the PZPR (see "What Transpired Between Wałęsa and Rakowski," ibid., Jan. 3, 1990); pressed for early local elections ("Elections before Easter," ibid., Jan. 17–18, 1990); repeated calls to replace the Citizens' Committees with new parties ("Wałęsa's Appeal," ibid., Jan. 31, 1990); and revealed his presidential ambitions (Krzysztof Czabański, "Will Wałęsa Become President?" *Tygodnik Solidarność,* Feb. 9, 1990).

[41]A number of prominent observers also offered compelling reasons: Jerzy Holzer, "A Year of Freedom," *Tygodnik Powszechny,* June 3, 1990; and Jacek Moskwa, "Mazowiecki-Wałęsa," *Rzeczpospolita,* June 23–24, 1990. Even at the bitter end, Wojciech Lamentowicz was still suggesting a compromise: "Compromise or Confrontation?" *Konfrontacje,* Aug. 10–Sept. 9, 1990.

[42]These efforts, which started with the desperate attempts to prevent the dismantling of the committees in July 1989, lasted until summer 1990, by which time the hope for unity had been lost.



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ble" for high office[43] because the presidency required a person with higher education, including fluency in foreign languages, as well as appropriate manners and appearance. Statements such as "Wałęsa is not competent enough . . . because to govern, one has to have some understanding of economy, of diplomacy, of social sciences"[44] and Senator Andrzej Szczypiorski's contemptuous open letter to Wałęsa in which he advised him to "hit the books and start learning, because it is never too late for that"[45] were typical of the attitudes of most of the intellectuals who rallied behind Solidarity's government faction.

The end of 1989 brought the collapse of communist regimes across Eastern Europe, and in Czechoslovakia, a broad democratic coalition led by dissident intellectuals took power. Particularly close to the hearts of Poland's intelligentsia was Czechoslovakia's new president, Václav Havel, who just a few months earlier was the familiar "Vasek," the dissident writer with a long history of collaboration with Solidarity's intellectual leaders. The Western mass media's portrayal of Czechoslovakia's "velvet revolution" inundated the world with depictions of a stylish, sophisticated politics: the president-writer, who was the scion of an old aristocratic family, clad in jeans and a sweater, filling palatial governmental offices with the bohemian figures of dissidents-turned-officials.

Poland's intelligentsia felt outdone and embarrassed with their presidential office occupied by Jaruzelski, an unappealing figure who carried highly damaging historical baggage,[46] and with the prospect of Wałęsa, who could hardly have been a more un-Havelian figure, knocking at the door of the office. To make matters worse, Wałęsa personally did not get along with Havel, and the two had engaged in a series of well-publicized spats.

Further aggravating the Polish intelligentsia's sense of inadequacy was the character of the emerging Lithuanian leadership. The intelligentsia-dominated *Sąjūdis* stirred widespread admiration among the Polish intelligentsia, and Vytautas Landsbergis's intellectual credentials—his music professorship, and his mannered demeanor as the son of an old intelligentsia family—were seen as most impressive. Again, the contrast with both Poland's incumbent president and the leading presidential prospect was striking, and for the Warsaw intelligentsia, tendered an assortment of humiliating implications.

Another important reason for the intelligentsia's rejection of Wałęsa's candidacy was simple political naïveté and inexperience. The early stages of Wałęsa's presidential campaign occurred during the months of the Mazowiecki government's greatest success and popularity—its honeymoon with the society was still in full bloom and Deputy Premier Leszek Balcerowicz's plan for economic shock therapy had just succeeded in halting galloping inflation. Labor seemed prepared to accept stoically both a further decline in the living standard and rapidly growing unemployment without much hope for a quick turn-around. Apparently, the government and most of the OKP preferred to believe that the nation's political calm was not a temporary phenomenon that merely reflected a particular stage in the transition, but, instead, signified the emergence of a new social contract between the society's vast masses and its "best and brightest" that would ensure the maintenance of social peace for an indefinite period of time.

***Punches and counterpunches.*** At the beginning of 1990, Wałęsa began to campaign vigorously. However, in typical Wałęsa fashion, the issue of the announcement of his candidacy was turned into a pseudo-mystery, a cat-and-mouse game.[47] Wałęsa coyly preferred to assume a modest pose and to let his supporters step forward with their endorsements.[48] Thus, it was not until the end of June that he publicly announced his presidential ambitions using a typical "wałęsism": "I do not want to be the president . . . I must become the president."[49] With growing insistence, he began to point out that the hardships of the transition were creating ominous clouds on the horizon and that the transition process itself would eventually provoke a stormy social response.[50]

Based upon this analysis, Wałęsa called for the adoption of a new strategy for continuing the transformation that he called political "acceleration" (*przyspieszenie*). According to this plan, the round-table

[43]During the first half of 1990, Wałęsa's "unsuitability" was an undercurrent in the discussion surrounding his candidacy. In July, however, Aleksander Hall, a minister in Mazowiecki's government, publicly and bluntly called Wałęsa unsuitable for the presidency. For a classic example of this line of thinking, see Tadeusz Chrzanowski, "Wałęsa-Presidency-Democracy," *Tygodnik Powszechny*, July 8, 1990.

[44]*Ibid.*

[45]Cited in Andrzej Gruszczyński, "The Echo of Communism?" *Tygodnik Solidarność*, Aug. 3, 1991.

[46]For example, Piotr Pacewicz, "A Year Ago," *Gazeta Wyborcza*, Feb. 7, 1990.

[47]Namely, tossing out hints that he wanted the office and then denying them. See, for instance, "President . . . Chairman?" ibid., Apr. 11, 1990; Lech Wałęsa, "I Will Go On Fighting," ibid., Apr. 13–16, 1990; Krzysztof Leski and Stanisław Turnau, "Wouldn't That Be Nice—A Unionist President?" ibid., Apr. 23, 1990.

[48]*Piotr Pacewicz*, "Jarosław Kaczyński Proposes: Wałęsa for President in the Autumn," ibid., May 19–20, 1990.

[49]Anna Bikont's interview with Wałęsa in ibid., June 20, 1990.

[50]"Wałęsa Suggests: On Uneven Terrain One Must Build Dams," ibid., Mar. 12, 1990.



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agreements could now be treated as invalid since the communist party had withered away. Moreover, the army and police were now controlled by Solidarity sympathizers. Thus, maintaining Jaruzelski as president seemed patently absurd, for he was a very unpopular figure. Further, although the acceleration plan did not insist that former members of the *nomenklatura* be subject to jailings and unjustified legal harassment, it did call for summary firings of mid- and top-level officials and their replacement by more deserving individuals.[51] The plan also called for a reexamination of the numerous sweetheart deals that members of the *nomenklatura* had received from Rakowski's government in its attempt to privatize the economy by transforming these former communist bureaucrats into private entrepreneurs. In addition, although Wałęsa himself and most of his supporters went on record as being generally supportive of the Balcerowicz plan, nonetheless, weaknesses in this plan, including its highly recessionary impact along with slipping productivity and increasing unemployment, had to be confronted and appropriate adjustments undertaken. Finally, Wałęsa's plan called for Soviet troops to be pulled out of Poland as soon as possible.[52] On this issue, the government proved to be particularly vulnerable since Poland's understandably inexperienced foreign policy makers needed time to gauge the intentions of a unified Germany while using the presence of Soviet troops in Poland as a bargaining chip to gain Bonn's recognition of the postwar Polish-German border.

Wałęsa's aspirations to the presidency and critiques of the political leadership provoked a stinging response from intellectuals who rallied to the defense of the OKP and the Mazowiecki government. Virtually overnight, Wałęsa's status appeared to change from that of a great charismatic figure to that of an outsider and usurper.[53] Responses to his initiatives were cold and sarcastic, and a new political portrait of Wałęsa began to be drawn—an individual who was politically and intellectually simplistic and, with his exaggerated ambitions, out of his depth.

By contrast, the government's policies and the OKP-dominated legislative initiatives began to be treated as if they were beyond reproach,[54] and by the same token, critics were beginning to be dismissed as harmful, blind extremists. Most vigorously defended was the government's generous and forgiving treatment of members of the *nomenklatura* who still remained in their previous positions in the government bureaucracy.[55] Although the verification process (an official review of an individual's behavior and, implicitly, his political affiliation) removed some of the more infamous and unpopular among them—usually at the top level—the entire middle level was scarcely touched. Wałęsa's demand that the members of the *nomenklatura* be fired and allowed to look for employment in the free market was treated as a monstrous form of extremism and a betrayal of the round-table agreements. Even more ominously, the same voices began to dust off the image of Jaruzelski—by then an empty shell—as someone who properly and with dignity had lived up to his presidential position and, in fact, should be allowed to complete his term in office.[56]

As might have been expected from Wałęsa, he responded with energetic action and launched a two-pronged counteroffensive: broad-scale, ad hominem attacks on his opponents and further conceptual attacks on governmental programs. Wałęsa's ad hominem attacks quickly evolved in a colorful spiral of escalation since his adversaries were more than eager to answer him in kind—after all, he was taking on opponents who had been buying ink by the barrel for a long time.

In fact, the balance of the exchange was uneven, to say the least, and in trying to keep pace with his intellectual adversaries, Wałęsa found himself at a considerable disadvantage. For the most part, almost as if caught in quicksand, Wałęsa could only resort to ranting and raving about Warsaw cliques and coteries that monopolized the government, about the wretched eggheads who had no connection to average people, and about self-important parliamentarians who were abso-

[51]See the interview with Marshal of the Sejm, Professor Andrzej Stelmachowski," *Tygodnik Solidarność,* Mar. 2, 1990; "We Must Begin Quarreling," *Gazeta Wyborcza,* Feb. 16, 1990; "The Peasants Will Not Let Wałęsa Get Away with It," ibid., Mar. 13, 1990; and Ewa Wilk, "A Quarrel Is Necessary," *Tygodnik Solidarność,* Feb. 23, 1990.

[52]See, for instance, the interview with Lech Kaczyński in *Polityka,* Feb. 3, 1990; "Wałęsa's Presidential Program," *Gazeta Wyborcza,* Aug. 25–26, 1990; and Adam Głapiński, "What Does Wałęsa Want?" *Tygodnik Solidarność,* Aug. 31, 1990.

[53]For example, Anna Bikont and Piotr Pacewicz, "Wałęsa to the Belweder?" *Gazeta Wyborcza,* Apr. 12, 1990; Ernest Skalski, "President Already?" ibid., May 26–27, 1990; and Piotr Wierzbicki, "A Voice in Defense of a Vote," *Tygodnik Solidarność,* Apr. 20, 1990.

[54]The stress of the conflict got the best of the dean of Poland's intelligentsia, Jerzy Turowicz, who, in the name of pluralism and democracy, demanded no less than a cessation of criticism of the government. See Jerży Turowicz, "A New *Nomenklatura*?" *Tygodnik Powszechny,* May 13, 1990.

[55]For example, Adam Michnik, "I Will Not Use Hatred as My Weapon," *Gazeta Wyborcza,* Apr. 30–May 1, 1990; and Piotr Pacewicz, "Slowly, Slowly," ibid., Apr. 21–22, 1990.

[56]For instance, "A President's Self-Portrait," ibid., May 7, 1990; Małgorzata Niezabitowska, "The Presidency Is Not a Problem," ibid., Apr. 21–22, 1990; Jacek Maziarski, "Upside Down," *Tygodnik Solidarność,* Feb. 16, 1990; and Maciej Zalewski, "The Magic Mountain," ibid.



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lutely uninterested in those who had elected them.[57]

In return, Wałęsa found himself under systematic scrutiny by now very resentful mass media that abandoned all pretense of even-handedness and unequivocally supported the government and the OKP. The media began to build a completely different picture of Wałęsa, designed to debunk his image as the nation's leader. The new image of Wałęsa was one of a grossly overambitious, two-bit politician who was uneducated, uncouth, and prone to irresponsible ranting and raving.[58]

Solidarity's daily *Gazeta Wyborcza,* the child of the round-table agreements and of the triumphant June 1989 elections, together with its editor-in-chief and owner, Adam Michnik, who was not only an accomplished writer but one of the nation's most popular heroes, also joined in the crusade against Wałęsa. Responding to Wałęsa became one of the daily's main preoccupations, and the mildest treatment afforded him there could only be described as dripping sarcasm.

Step by step, the name-calling descended to lower plateaus. With gusto, Wałęsa reached for his own ideological ammunition and began to harry his adversaries as secret subscribers to Marxism, as crypto-communists who were trying to re-create a new *nomenklatura.*[59] His vague justification for such devastating accusations was based on the fact that in the past, many of his adversaries had been associated with the party and had supported the communist system. On such occasions, Wałęsa conveniently ignored the fact that similar points could be made about many of his supporters as well. A similar caliber of ideological ammunition was directed at Wałęsa. His adversaries began to detect in him assorted characteristics that suggested an authoritarian personality, and a wanton, even dangerous, nationalist and religious extremist.[60]

The onset of this ideological battle and the resultant polarization between the two political camps may have laid the foundations for the emergence of definitive political identities in Poland's pluralist future, but at the time, the clamor of name-calling and character assassination only led down a number of ideological blind alleys. Clearly, it would be still much too premature to label the dispute as anything more substantive than a personalistic struggle with strong pseudo-ideological overtones. In fact, in the current Polish political context, no serious left-wing or communist political groups enjoyed any kind of meaningful popular support. On the other hand, the two camps that are party to the current dispute include some individuals who subscribe to a kind of Scandinavian social-democracy, a model whose achievements are in fact widely admired throughout Polish society.

One could deduce no serious ideological divisions between the camps from either side's economic programs, which were in virtual complete agreement on fundamental issues while differing only on selected, tactical details. What ideological divisions did exist involved attitudes toward nationalistic and religious symbols and the issue of religious instruction in public schools. However, with respect to these issues, there was no clear indication of what kind of long-range ideological significance the debate on these subjects would have.[61]

The savaging of his image placed a great psychological strain on Wałęsa, and for a time, he sought solace in the traditional refuge of Poland's political desperadoes —anti-Semitic arguments. Although earlier he had indicated that he knew better, nonetheless, shocked by the destruction of his image and engulfed in the bizarre campaign of ad hominem attacks, Wałęsa decided that focusing upon the Jewish ancestry of some of his opponents would help him to rally his supporters. Thus, he began to pontificate that while he was very respectful of the Jewish nation, Poland's government was run by Jews. Next, unsettled by the furor his remarks aroused, he tried to make them more acceptable by engaging in preposterous arguments that demanded that the handful of Poles of Jewish descent should in fact advertise their Jewishness, inasmuch as ethnic Poles always gladly identify themselves as Poles.[62] Mired in such hopeless tangles, Wałęsa's image became more and

[57]"A Row over Lech," *Gazeta Wyborcza,* May 14, 1990; and Stanisław Turnau, "Hard Times," ibid., May 17, 1990.

[58]For instance, Jacek Woźniakowski, "Let's Vote for the Best," *Tygodnik Powszechny,* May 27, 1990; Wiesław Władyka, "It's Awkward, It's Odd," *Polityka,* June 30, 1990; "Wałęsa, Michnik, Politics," *Gazeta Wyborcza,* June 7, 1990; and "Is This the Polish Hell?" ibid., Apr. 2, 1990.

[59]Among the earliest attacks by Wałęsa's supporters was Stefan Niesiołowski, "The Lay Right," *Tygodnik Solidarność,* Mar. 2, 1990; followed by Piotr Wierzbicki, "I Am for Raising Hell," ibid., Apr. 27, 1990. See also the interview with Zbigniew Bujak, *Odra* (Wrocław), June 1990, pp. 5–6; Teresa Bogucka, "The New *Nomenklatura*," *Gazeta Wyborcza,* May 12–13, 1990; Adam Krzemiński and Wiesław Władyka, "A School for Knights," *Polityka,* May 1990; and Piotr Wierzbicki, "Tantrums of the Eggheads," *Tygodnik Solidarność,* May 11, 1990.

[60]For instance, Piotr Wierzbicki, "The Battle for Wałęsa," *Tygodnik Solidarność,* June 29, 1990; Jacek Syski, "Farewell to a Myth," *Polityka,* June 16, 1990; and Krzysztof Teodor Toeplitz, "Who Is Afraid of Lech Wałęsa?" ibid., May 26, 1990.

[61]Paweł Spiewak, "After the Round Table," *Res Publica,* April 1990, pp. 24–29; and Rafał Krawczyk, *Wielka przemiana* (The Great Transformation), Warsaw, Oficyna Wydawnicza, 1990, pp. 109–28; Tadeusz Chrzanowski, "Northeast of the Center Agreement," *Tygodnik Powszechny,* Sept. 2, 1990; and Robert Jarocki's interview with Jerzy Turowicz, *Po Prostu* (Warsaw), Aug. 30, 1990, pp. 1, 6, 7.

[62]Leszek Maleszka's interview with Adam Michnik, *Gazeta Krakowska* (Kraków), Aug. 14–15, 1990; "In the Country," *Polityka,* Aug. 4, 1990; Adam Michnik, "Why I Will Not Vote for Wałęsa," *Gazeta Wyborcza,* Oct. 1990; the interview with Aleksander Hall in *Życie Warszawy* (Warsaw), Nov. 3–4, 1990; and Ewa Berberyusz, "I Will Keep My Eyes Open," *Gazeta Wyborcza,* Oct. 31–Nov. 1, 1990.



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more tarnished. Outraged reactions in Poland and from abroad shook Wałęsa and forced his retreat. Reportedly grief-stricken by the troubles in which he had ensnared himself, and with the instinct of a consummate politician, Wałęsa attempted to repair the damage by launching a vigorous campaign in September 1990 to prove that he was a devoted anti–anti-Semite and bombastically announced that as long as he was alive, he would not allow anti-Semitism to rear its head.[63]

While the name-calling battle proved disastrous for Wałęsa's image, his policy assault fared much better. To begin with, for a variety of personal, career, and political reasons, some intellectuals decided to side with Wałęsa. Together with a handful of Wałęsa's hard-core supporters, they began to assist him in his policy criticism. Although the intellectuals as a group tended to support the government to the bitter end, they were rattled by a number of defections by very prominent individuals. In particular, the defection to the Wałęsa faction of Stefan Kisielewski, Stefan Kurowski, and Władysław Siła-Nowicki was very unsettling, especially after they had fired spirited salvos at the governmental elite.[64] Moreover, the pro-Wałęsa intellectuals countered the anti-Wałęsa manifestos by issuing their own manifesto critical of the government.[65] As a result, Wałęsa's policy initiatives and critiques were quite substantive in nature and often well-timed, although frequently delivered in an idiosyncratic style full of vaunted "wałęsisms."

Since there was an acute shortage of sensible arguments against proposals in favor of acceleration, the defense of the government's policies was based on rather vague and abstract concepts of judiciousness and moderation.[66] Another dose of ad hominem attacks on Wałęsa then pointed out his irresponsibility and lack of qualifications for involvement in such matters.[67] Eventually, however, the issues had to be addressed on their merits, especially because Wałęsa's demands enjoyed broad social support. With time, the government grudgingly relented, and a number of half-measures to alleviate the problems were slowly undertaken. It was in August and September 1990, however, when the dike finally collapsed altogether and pro-government forces openly adopted most of Wałęsa's program of "acceleration." The realization that the government had yielded to Wałęsa's lobbying could hardly have escaped even those observers most sympathetic to it.[68] Earlier, support for acceleration had been decried as irresponsible political extremism; now pro-government elements carefully avoided discussing their former disdain for it. Significantly, however, Wałęsa himself continued to be treated as an extremist.

*The Center Agreement and ROAD.* Another important aspect of the battle between Wałęsa and the government and the OKP involved the struggle for control over Solidarity's political arm, the local Citizens' Committees. As noted above, Wałęsa had understood that their transformation into a political party supporting the OKP and the government would marginalize him and his supporters, and hinder the development of the political power of Solidarity's labor union. Thus, after the June 1989 elections, Wałęsa pressed for the dissolution (in reality, suspension) of the local Citizens' Committees, fearing that the new Warsaw elite would turn them into a pro-government political machine. He nevertheless allowed the local committees to perform for one last time during the May 1990 local elections.[69] On the other hand, he did not dissolve or suspend the national Citizens' Committee of Lech Wałęsa, but, instead, he began to pack it with his followers to the point that the intellectuals who actually formed it in fall 1988 became a minority. The coup de grace was the firing of Henryk Wujec from his position as the national committee's secretary. A key figure among the old intellectual leaders of Solidarity, Wujec was very serious about using his position to coordinate the work of the local committees and even recruited one of the most famous Solidarity labor leaders, Zbigniew Bujak, to help in that regard. Wujec's firing proved to be one of the messiest

[63]Lech Wałęsa, "I Have Given Proof that I Am Not an Anti-Semite," *Gazeta Gdańska* (Gdańsk), Sept. 11, 1990; and Antoni Zambrowski, "The Eighth Commandment," *Tygodnik Solidarność*, Aug. 17, 1990.

[64]For samples of their anti-government salvos, see Władysław Siła-Nowicki, "The Great Mystification," *Przegląd Tygodniowy*, Aug. 5, 1990; and Stefan Kisielewski, "What Is Going On in Poland?" *Tygodnik Solidarność*, July 27, 1990.

[65]"Manifesto," *Tygodnik Solidarność*, Aug. 3, 1990; more on the intellectuals of the Wałęsa faction may be found in Piotr Pacewicz, "On the Center Agreement," *Gazeta Wyborcza*, May 19–20, 1990; and in "Who Will Advise Wałęsa," ibid., Sept. 3, 1990.

[66]For example, Ernest Skalski, "Optimum," *Tygodnik Powszechny*, Jan. 21, 1990; Dariusz Fikus, "Make Haste Prudently," *Rzeczpospolita*, July 9, 1990; Wojciech Maziarski, "Give Me a Program," *Gazeta Wyborcza*, June 9–10, 1990; and "The Premier Warns," ibid., June 25, 1990.

[67]Obviously detecting imminent danger, the group of intellectuals associated with *Tygodnik Powszechny* decided to erect the ramparts in defense of the republic against Wałęsa and organized a series of meetings to alert the public. The manifesto "In the Face of Danger" (*Tygodnik Powszechny*, May 20, 1990) was supplied with proper explanations for what these intellectuals meant by the "danger." See also "Intellectuals on Polish Public Life," *Gazeta Wyborcza*, May 9, 1990; "Citizens' Alliance," ibid., June 11, 1990; and especially, Paweł Lawiński and Piotr Pacewicz's interview with Jan Lityński," ibid., Aug. 30, 1990.

[68]Mazowiecki stated this openly in "Let's Not Put Holes in Our Common Boat," *Gazeta Wyborcza*, June 18, 1990.

[69]"The Statement of Lech Wałęsa on the Citizens' Committees," ibid., June 5, 1990; and the interview with Henryk Wujec in *Polityka*, Apr. 16, 1990.



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affairs of a politically hot summer and further raised the pitch of mutual recriminations and name-calling.[70] This action ended attempts to transform the local Citizens' Committees into a pro-government party.

Although Wałęsa accomplished his goal of packing the Citizens' Committees of Lech Wałęsa, the struggle that ensued and the dramatic exit from the committee of the intellectuals destroyed its political respectability and hence its political power. In the meantime, Wałęsa and his allies had begun to organize a new political party known as the Center Agreement (*Porozumienie Centrum*), which rallied Wałęsa's supporters—including parliamentarians who disagreed with the leaders of the OKP, local activists, and some intellectuals.[71] Although the coalitional Center Agreement became one of the key organizational vehicles of Wałęsa's presidential campaign, in typical fashion Wałęsa himself did not join—assuming the pose of the nation's father who was somewhat above such things. In practical terms, the Agreement claimed to represent an ideological coalition of the right and the center and actively lobbied to become an umbrella for the many small parties that had been unsuccessful in the previous elections. Also, the Agreement made strong overtures toward the peasantry, which at this time had been undergoing a political renaissance and whose unhappiness with government policies had been growing.

The pro-government intellectuals promptly countered with their own political drive that eventually resulted in the establishment of the "Citizens' Movement-Democratic Action" (*Ruch Obywatelski-Akcja Demokratyczna*—ROAD). ROAD quickly became an effective political instrument in rallying pro-government intelligentsia constituencies.

Both Mazowiecki's and Wałęsa's campaigns were ostentatiously supported by center-right coalitions (ROAD had closely allied itself with the right-wing party of the intelligentsia, "The Forum of the Democratic Right" [*Forum Prawicy Demokratycznej*]).[72] Moreover, each side welcomed support by socialist groups—Wałęsa by Tadeusz Fiszbach's Union of Social Democracy and Mazowiecki by Jan Józef Lipski's Polish Socialist Party. Thus, the ideological differences between the Mazowiecki and Wałęsa camps were a sham. In fact, the divisions between the two camps stemmed from personal and social animosities.

Ideologically, ROAD stressed its moderation, its substantive concerns, and, above all, presented itself as the defender of democracy. Thus, the ideological picture was supposed to be clear: the center-right coalition of the true supporters of democracy pitted against an undemocratic center-right coalition.

Using such a dichotomy as the basis of its political approach, ROAD mounted a powerful assault on Wałęsa and his movement as a bunch of populist demagogues and crypto-authoritarians who sooner or later were going to try to grab power by using mob tactics. This campaign misfired rather badly for the simple reason that it did not accurately describe Wałęsa and the Agreement. In fact, it would be difficult to deny that even by the standards of established Western democracies, Wałęsa and the Agreement had engaged in a very mundane kind of campaigning: speeches, some nonviolent rallies, policy statements, organizing drives, and so on.

***The end of the honeymoon.*** While the government and its opponents were trading charges and insults, the Mazowiecki leadership was experiencing the end of its honeymoon with society. Undoubtedly, the widespread fear engendered by growing unemployment and the government's open calls for the closing of inefficient enterprises prevented many strikes and hence prolonged the period of apparent social peace. However, eventually those who were the least afraid of layoffs, the railway workers, began to strike and managed to cripple the transportation system. Seemingly stunned by the development, the government refused to negotiate, and so the strike continued.

The appearance of Wałęsa among the strikers, his idiosyncratic, even comical wheeling and dealing, and his ability to bring the strike to an end left a substantial impression on the public,[73] as did his subsequent interventions during the government's awkward mishandling of strikes and road blockades by peasants. Thus, while presenting himself as an impartial savior of the government and of the social peace, Wałęsa began to resuscitate his image as one who always manages to somehow conjure up a peaceful solution in the face of potentially dangerous situations. By the same token, the attacks accusing him of trying to fish in the murky waters of mob politics could only appear shrill and hysterical given his actions.

[70]Piotr Pacewicz, "On the Center Agreement," *Gazeta Wyborcza*, May 19–20, 1990; and "Who Will Advise Wałęsa," ibid., Sept. 3, 1990.

[71]Jerzy Papuga's interview with Zbigniew Bujak in *Konfrontacje*, Aug. 10–Sept. 9, 1990; Krzysztof Burnetko and Jolanta Zmarlicka's interview with Zbigniew Bujak and Władysław Frasyniuk in *Tygodnik Powszechny*, Sept. 2, 1990; and "The Argument over Frasyniuk," *Gazeta Wyborcza*, Sept. 6, 1990.

[72]See the interview with Ryszard Bugaj in *Tygodnik Powszechny*, Sept. 30, 1990.

[73]Maciej Kozłowski wrote that Wałęsa displayed "once more, great political class" ("After the Elections," ibid., June 10, 1990); see also Leokadia Głusik, "Wałęsa's Return," *Przegląd Tygodniowy*, June 24, 1990; and Piotr Wierzbicki, "A Lie," *Tygodnik Solidarność*, June 15, 1990.



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While the two main adversaries were locked in combat, a third force in Poland's politics began to emerge and solidify. The peasants, who constitute about 35 percent of the population, represented a quite homogeneous economic and social constituency bound very close together by an acute sense of historical oppression. Having been unable to socialize them in the Stalinist fashion, Poland's communists persistently tried to make the peasants relinquish their land as unprofitable—a goal that was to have been accomplished through perfidious manipulations of prices and taxes and by waging a prolonged propaganda war against them.[74] Although this policy failed to accomplish its goal, it managed to stagnate agricultural production and make the peasantry very resentful and suspicious.

The relationship between the new government and the peasantry soured very quickly. A more realistic relationship between supply and demand had emerged already in late spring 1990, due to a successful marketization policy that had by then not only streamlined demand and stopped the hoarding of food by making products more readily available (although at higher prices), but had also forced the distribution system to eliminate waste and the peasants to account more fully for their production. Suddenly, Poland faced the specter of overproduction. With storage facilities already filled by the butter provided by foreign aid, the government faced the anomalous situation of having to discuss the destruction of surplus domestically produced butter. Moreover, the peasants were basically called upon to destroy their own milk surpluses, and since the Soviets had failed during the year to buy up and transport potato surpluses, they too were destined to rot away. Finally, since the peasants were unable to sell their grain surpluses, they declared the government's foreign grain purchases to be another blow directed at them.[75]

Although it was certain that with economic expansion the demand for food would increase, there was little doubt that the peasants would be able to meet the demand. Instead, for the foreseeable future, overproduction will be the main problem confronting Poland's agricultural sector. Coming to grips with this situation greatly accelerated the unification and crystallization of the peasant political movement. As experienced petty entrepreneurs, they realized that various governmental programs had to be enacted to absorb the surpluses and, most of all, to ensure profitability.

The peasants' economic demands were met, however, with a series of rebuffs from the government. In turn, this hastened cooperation among the peasants' political ranks and also led them to begin a political battle with the government using strikes, blockades, demonstrations, and protests. Finally, in September 1990, with the dispute over agricultural policy having reached a crescendo, most of the peasant representatives withdrew from the pro-government coalition and increasingly the peasants began to warm to Wałęsa and the Agreement and, in return, were courted by them.

## The Presidential Campaign

In late August, both sides met in Gdańsk to celebrate Solidarity's 10th anniversary and agreed upon a limited truce, namely, to refrain from continuing the excessive ad hominem attacks and name-calling. Nevertheless, the debate over who was entitled to use Solidarity's symbols and logos was taking nastier turns.[76] The Agreement-led campaign to collect signatures for the recall of Jaruzelski eventually brought about his resignation.[77] Legal and political preparations quickly began for a popular presidential election to be held on November 25, 1990.

The presidential campaign wore down and weakened both adversaries. To strengthen their position during the political contest, both sides began to court the peasantry and the small parties. For example, they agreed to proportional representation in the legislative electoral system, thus virtually guaranteeing that the peasantry would maximize its political strength and that most small parties would be able to survive in the highly splintered political environment.

After the intellectual elite had spent its "secularistic" capital on lambasting the Wałęsa faction for its supposed excessive dependence on the Roman Catholic Church, it had no ability to organize a parliamentary coalition to stop the Church's growing efforts to shift the border between the Church and state. Without a whimper, at the end of the summer, the self-styled "arch-European" governing elite permitted the return of religious instruction to public schools. Moreover, the Church's momentum in implementing its social agenda seemed to be unstoppable.[78] Thus, a ban on abortion was

[74]For more on the subject, see Voytek Zubek, "Poland's Communist Elite and the Petty-Entrepreneurs," *East European Quarterly* (Denver, CO), forthcoming, 1991.

[75]Piotr Pytlakowski, "Milk in the Throat," *Przegląd Tygodniowy*, July 1, 1990; Paweł Tarnowski, "Flooded with Milk," *Polityka*, June 30, 1990; and "Butter, Pigs, Credits," *Gazeta Wyborcza*, Feb. 14, 1990.

[76]Zdzisław Pietrasik, "Taking Off the Logo," *Polityka*, Sept. 15, 1990.

[77]"Jaruzelski Must Go," *Tygodnik Solidarność*, Aug. 24, 1990.

[78]Jerzy Turowicz, "Which Way to Democracy," *Tygodnik Powszechny*, Oct. 28, 1990; and Jerzy Baczyński, "Places on the Platform," *Polityka*, Nov. 10, 1990.



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steamrollered through the parliament, and the issue of divorce was likely to be the next topic of discussion. Significantly, neither ROAD nor the Agreement were enthusiastic about supporting the Church's agenda, particularly those aspects of it so conducive to social controversy. However, the fear that opposition to such initiatives might weaken their electoral support paralyzed their resolve to block or at least delay these changes.

The mediocrity and lack of imagination with which the government faction pressed its campaign in the last months before the election began to produce ominous reverberations. The attacks on Wałęsa took on an increasingly ritualistic tone.[79] Despite growing fears about the country's economic future, the government steadfastly refused to offer any reassurance or policy alternatives to its programs—even if only superficial ones—that might have infused a dose of enthusiasm into society.[80] By contrast, the blunt rejection of the policy initiatives advanced by the opposition and the depiction of them as fraudulent and demagogic fostered among broad social circles a sense of the ruling elite's political arrogance.[81]

The rhetorical brutality of the lengthy campaign not only drained both main opponents but also hurt their electoral appeal. Despite its relative dynamism, the appeal of the Wałęsa faction was limited. For its part, the Mazowiecki candidacy was unable to generate much support and actually lost ground over the last six weeks of the campaign.[82] A month before the election, nearly a quarter of the electorate remained uncommitted and unconvinced by either Wałęsa or Mazowiecki.

The conditions were ripe for the emergence of a maverick candidate, and Stanisław Tymiński obliged. Tymiński had spent his entire adult life as an émigré entrepreneur in Canada and Peru. He returned to his homeland to finance his own presidential campaign, was barely able to secure the required number of signatures to qualify as a candidate, and enjoyed meager support for most of the campaign period. He only began to draw strong support in certain social quarters in the last few weeks of the campaign.

Paradoxically, the way was paved for Tymiński's success not only by the mutual destructiveness of the two main campaigns but also by certain ideological aspects of these campaigns. Their glorification of the West—the Wałęsa faction's espousal of a devotion to rugged entrepreneurialism and the intelligentsia faction's unbridled glorification of Western ideals—laid the groundwork for Tymiński, who among other things, claimed to have been a financial tycoon in the West and promised to transplant this kind of entrepreneurial genius to Poland. Thus, for the voters frustrated with the leading candidates and for those searching for a ray of hope on the grim horizon, Tymiński's candidacy seemed to present an alternative. These predominantly frustrated protest voters and impressionable provincial youth welcomed promises of a quick rescue, the baselessness of such promises notwithstanding. Also, the growing circle of Tymiński supporters seemed to be impervious to the trickle of alarming information about his past and the bizarre conduct of his campaign that included, among other things, preposterous and wild attacks on Mazowiecki. Solid, substantiated information about Tymiński—beyond the vague generalities produced by his campaign—was rare, and it was apparent that the candidate sought to cover his tracks by refusing to divulge concrete details about his past. Ironically, it now seemed that the intelligentsia's hysterical crying wolf in the summer had resulted in the wolf's appearance, albeit not one hailing from Gdańsk.

By election day, November 25, the self-destructiveness of Mazowiecki's campaign reduced his support to 18 percent, made up almost entirely of hard-core intelligentsia and middle-class followers. The Wałęsa campaign captured a disappointing 40 percent of the vote, while the candidates of the united left and the still-divided peasantry gained, respectively, 9.2 percent and 7.2 percent of the vote, and the militant nationalist candidate obtained 2.5 percent of the vote. Tymiński stunned and humiliated all political quarters by drawing 23 percent of the vote and became the challenger to Wałęsa in the run-off election on December 9.[83]

## Conclusion

The de facto anti-Tymiński alliance that was made up of virtually all significant political groups in Poland managed to stop his momentum in the period between November 25 and December 9. While the growth of Tymiński's popularity was spectacular in October and November, thereafter his campaign was unable to make any further inroads into the electorate. Thus, Ty-

[79]See, for example, Adam Michnik, "Why I Will Not Vote for Wałęsa," *Gazeta Wyborcza*, Oct. 27–28, 1990; the interview with Aleksander Hall in *Życie Warszawy*, Nov. 3–4, 1990; and Ewa Berberyusz, "I Will Keep My Eyes Open," *Gazeta Wyborcza*, Oct. 31–Nov. 1, 1990.

[80]Stefan Kisielewski, "Why Wałęsa?" *Gazeta Wyborcza*, Nov. 7, 1990; and Wiesław Władyka, "But Where Is the Constitution? The Struggle for Power," *Polityka*, Sept. 29, 1990.

[81]"More Paragraphs than Contents," *Gazeta Wyborcza*, Nov. 13, 1990; and Anna Bikont and Helena Łuczywo's interview with Tadeusz Mazowiecki in ibid., Nov. 3–4, 1990.

[82]Krystyna Naszkowska, "Whom Do the Peasants Want?" ibid., Oct. 29, 1990.

[83]"In the Country. Official Election Results," *Polityka*, Dec. 1, 1990; and "In Poland," *Tygodnik Gdański* (Gdańsk), Dec. 2, 1990.



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miński, with 25.75 percent of the vote in the December 9 run-off election, ended up as a distant second to Wałęsa, who captured 74.25 percent of the vote.[84]

The gradual realignment in the comparative strength of the two warring factions had been occurring throughout the 1990 campaign and in its last phases was characterized not only by a steadily increasing flow of intellectuals into the Wałęsa camp, but also by an attitude of neutrality or semi-neutrality with regard to the ongoing political combat that was gradually spreading among many members of the intelligentsia. In this regard, Deputy Prime Minister Leszek Balcerowicz and Foreign Minister Krzysztof Skubiszewski assumed meticulously neutral poses as "experts-technocrats," and thus placed themselves outside the raging political struggle.[85] Accordingly, both retained their positions in the new government of Jan Krzysztof Bielecki.

Consequently, on the one hand, the Wałęsa faction's ascent to power was tantamount to its absorption of and convergence with some intelligentsia milieux that had supported the Mazowiecki faction. On the other hand, a substantial part of the leadership of the defeated and now somewhat shrunken intelligentsia faction retreated into organizing and party-building activities, thus trying to establish the foundations for a more effective political coalition that could compete effectively in the next parliamentary elections.

This process was also accompanied by the usual atmosphere of post-election sour grapes and political insults. Perhaps the intellectually most interesting example was Bronisław Geremek's accusation that the whole 1990 campaign was a charade to get Wałęsa elected president. However, his dramatic charge conveniently ducked the issue of whether the alternative would not have been even more of a charade—the continuation of both Jaruzelski's presidency and government by Warsaw's intelligentsia elite, whose base of support lay in a docile parliament that was numerically dominated by representatives of the old regime.

Wałęsa's huge victory on December 9 has more complex ramifications than might appear on the surface. Both he and his campaign managed to look relatively effective and pragmatic in comparison to the efforts of Mazowiecki's faction. Thus, to some extent, Wałęsa won by default, for the Mazowiecki campaign was extremely indolent and inefficient.[86] Furthermore, Wałęsa accomplished his victory amidst the political confusion engendered by Poland's rapid socio-economic transition. Consequently, the fundamental question is whether Wałęsa will be able to keep pace with the rapid evolution and crystallization of Poland's political life.

At this time, Wałęsa's political base is much shakier and more fluid than the scope of his December 9 victory might suggest. In fact, the results of the November 25 election are much more indicative of the current distribution of political tendencies within society. About 40 percent of the electorate abstained in the first round, and almost a quarter of the vote went to Tymiński (a manifestation of escapism or protest). These people, who make up about 55 percent of the electorate, are the great unknowns in the country's political life. At present, nothing suggests that Wałęsa or any other party enjoys their support. They could either remain neglected and dormant or they could galvanize again around some political figure like Tymiński.

The lengthy and very brutal 1990 political campaign took its toll on Wałęsa's image. It cannot be assumed that he enjoys the support of more than the 40 percent of the voters who cast their vote for him on November 25 and thus can effectively count on the vote of a little more than one-third of the eligible electorate. Moreover, only a portion of those who voted for Wałęsa regard him as the path-breaking national leader he was in the 1980's. Clearly, with much of his luster tarnished by the bitter campaign, many who voted for him on November 25 pragmatically considered him to be a better electoral choice than his opponents. In addition, certain tangible hopes for a better tomorrow led some of these voters to cast their vote for Wałęsa.

By becoming president, for the first time in his political career, Wałęsa is not an outsider and national tribune who rallies the masses against the rulers. Rather, he is the leader of the state, and thus cannot avoid responsibility for the actions of its government. The strikes and labor protests against hardships and the imposition of recessionary policies will be now directed at Wałęsa rather than at the government of Bielecki and Balcerowicz. Wałęsa is about to cross the political Rubicon. He will have to show what kind of political leadership he is capable of exercising in Poland as leader of the establishment instead of the opposition.

[84]Warsaw PAP in English, Dec. 10, 1990, in Foreign Broadcast Information Service, *Daily Report: East Europe* (Washington, DC), Dec. 11, 1990, p. 22.

[85]See, for example, the interview with Skubiszewski in *Rzeczpospolita*, Nov. 17–18, 1990; and "What Will Happen after the Elections?" *Gazeta Wyborcza*, Nov. 17–18, 1990.

[86]As election day drew near, devastating assessments of the effectiveness of Mazowiecki's campaign began to appear in publications that had been most supportive of it. See, for example, Krzysztof Leski, "Mazowiecki and Wałęsa, Or Two Campaigns," *Gazeta Wyborcza*, Oct. 16, 1990.



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# Is Cuba Next? Crises of the Castro Regime

**Howard J. Wiarda**

Wherever one looks, communist regimes are in deep trouble. Whether one is talking about the Soviet Union, Eastern Europe, the People's Republic of China, Afghanistan, Ethiopia, Angola, Mozambique, or other Third-World Marxist-Leninist regimes, profound transformations—and considerable economic, social, and political unraveling—are taking place. In Eastern Europe, a number of communist regimes were swept from power; the same thing happened to the communist regime in Nicaragua. Other communist governments in Eastern Europe are wobbly and may be on their last legs. These transformations are shaking the communist states in other parts of the world to their very foundations. The challenges are so deep and widespread in fact that they add up to a *profound and systemic* crisis of communist regimes.[1] Cuba, however, has appeared to be an exception to this pattern.

Thus far, Cuba has emphatically rejected Soviet-style *glasnost'* and *perestroyka*. Seemingly alone among communist regimes (even North Korea has opened a dialogue with the South), the Cuban regime has refused to change its fundamentals or to acknowledge new international realities and adjust its policies accordingly. Cuba has made no bows whatsoever to the newer currents of openness, democracy, change, freedom, and pluralism now sweeping the world; "old thinking" predominates in its foreign policy. Fidel Castro still dominates the Revolution in a one-man and highly personalistic fashion, and the entire apparatus of the totalitarian state—single-party regime, secret police, thought control, absence of human rights, monopolistic state-controlled institutions—remains locked in place. While the rest of the world is changing, Cuba appears not only to be rigid and unchanging but even to have tightened its totalitarian controls.

The image we have of Cuba as rigid and uncompromising, as rejecting the kinds of democratizing currents that have occurred in the Soviet Union and Eastern Europe, is essentially correct. And yet this image disguises the severe tensions existing in Cuba. Below the surface, Cuba and its Revolution are in deep trouble, signs of discontent are everywhere, and the basic tenets of the Revolution—the shift from capitalism to socialism and the shift away from the US into the Soviet camp—are being questioned as never before. The uncompromising bluster of the regime is a sign of weakness, not of strength; the hardening of totalitarian controls means not that the Revolution is strong but that it is in deep trouble.[2]

The general crisis besetting communist governments throughout the world afflicts Cuba as well. I propose to examine the challenge to communism in Cuba by analyzing crises in seven areas: ideology, institutions, society, leadership, the economy, social morale, and foreign relations. When considered cumulatively,

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[1]For an assessment of the crisis of communist regimes, published before the revolutions of 1989 in Eastern Europe, see Zbigniew Brzezinski, *The Grand Failure: The Birth and Death of Communism in the Twentieth Century*, New York, Scribner's, 1989. For an early and preliminary report on a larger project dealing with the "crisis of communist regimes," see Vladimir Tismaneanu and Howard J. Wiarda, "Introduction," *World Affairs* (Washington, DC), Special Issue, Spring 1988.



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these seven crises add up to a profound threat to the existing regime in Cuba.

## Crisis of Ideology

Now 32 years old, Cuba's is still a relatively young revolution. Over the years, the regime has taken great pains to emphasize its ideological purity and its Marxist-Leninist moorings. One might expect, therefore, that ideology would be stronger in Cuba than in some other communist regimes.

But in fact that does not appear to be the case. Cuba is intensely nationalistic and its Marxism-Leninism is strongly infused with nationalistic sentiment. Indeed, its nationalism is considerably stronger than its Marxism-Leninism, leaving the regime without a strong ideological base. "Socialism" has become a slogan, but among most Cubans, adherence to it is rather superficial. Nationalism can only go so far in holding the regime together and giving it purpose, particularly with the mounting crises it faces, especially in the economy.

The crisis of ideology has several dimensions, the first of which is Fidel Castro. Castro was never much of an ideologue. A nationalist, yes, and a skilled political operator, a charismatic figure, a man of immense ambition and self-importance; but a Marxist-Leninist of only doubtful credentials. Perhaps the best analysis ever done on the question—a study by the US Department of the State at the behest of an apprehensive Eisenhower Administration in the last months of the dying Batista regime—concluded that there was "no evidence" that Castro was a communist.[3] Therefore, Castro's 1961 declaration that he was a Marxist-Leninist, had always been a Marxist-Leninist, and would always be a Marxist-Leninist came as a considerable surprise to objective observers, to Castro's closest aides, and probably to Castro himself. His allegiance to Marxism-Leninism was purely pragmatic and calculating: it was a means to tweak the United States and to secure assistance from the Soviet Union. In fact, now as then, Castro remains impatient with ideology, and seems not to have seriously read Marx or Lenin. He makes the appropriate rhetorical bows to Marxism-Leninism, but has not internalized it fully. Castro is a Marxist-Leninist of necessity, not of conviction.

The lower levels of the regime are even less imbued with Marxism-Leninism. In Cuba, as in all communist states, once the first generation of revolutionaries began to pass from the scene, a new generation began to take over that hardly remembered the heroism of the early revolutionary struggles. This generation is not driven by ideology. These "new men" (few women have made it to the level of the Communist party Executive Committee in Cuba) are pragmatists and bureaucrats, often impatient with the ideology and wanting mainly progress for themselves and their country. These officials know how to mouth Marxist-Leninist slogans, but they seldom let ideology get in the way of ambition or practical action. Marxist-Leninist ideology is in any case sufficiently vague that it can rationalize almost any activity. Public discussion in Cuba is laden with ideological posturings, but private conversations with middle- and upper-level officials can and do take place on a purely pragmatic plane.[4]

At a mass level, Marxist-Leninist ideology carries almost no resonance at all, despite strenuous efforts to infuse ideology and political content into the educational system, the mass media, and all areas of national life. In public, Castro has pushed the ideology, emphasized "moral incentives" over material ones (an exhortation that after years of hardship has worn very thin), and sought to create a "new Cuban man." But so far there are few signs that the ideology has been internalized by very many. The Cuban people have just not bought the message. Many remain attracted to "socialism" as an ideal, but just as many blame socialism for their present problems. The ideology is not relevant to most Cubans' lives, it is too abstract and "foreign," and the Cubans have more important concerns (food shortages, depressed living standards) on their minds.

Perhaps the most telling sign of ideological weakness in Cuba is the regime's loss of direction, sense of purpose, and vision. A paralysis is affecting Cuba, and no one is sure of where the country is going. In years past, the Cuban leadership consoled itself in the face of

[2]The analysis here is based on a review of the major literature as well as the author's two research trips to Cuba in 1987 and 1988. It is unusual for a serious scholar who is not a "true believer" in the Revolution to be admitted to Cuba; moreover, while in Cuba, both individually and as a group we had remarkable access to high Cuban government and party officials. Access was particularly facilitated in the author's case by his affiliation with the American Enterprise Institute for Public Policy Research in Washington, DC, and the assumption by Cuban officials that messages and positions conveyed to him would subsequently be relayed to Reagan and Bush administration officials. That assumption was not completely valid, but it certainly gave the author access to the highest levels of the Cuban regime. The two trips to Cuba were sponsored, respectively, by the Latin American Studies Association through a grant from the Ford Foundation and by the Center for International Affairs of Harvard University through a grant from the Heinz Foundation.

[3]The analysis was carried out by the State Department's legal office; see also Alan H. Luxenberg, "Did Eisenhower Push Castro Into the Arms of the Soviets? *Journal of Inter-American Studies and World Affairs* (Miami, FL), Spring 1988, pp. 37–72.

[4]On the decline of ideology in Marxist-Leninist regimes, see Vladimir Tismaneanu, *The Crisis of Marxist Ideology in Eastern Europe: The Poverty of Utopia*, London, Routledge, 1988.



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all the hardship by telling itself that it represented the wave of the future. But almost no one believes that anymore, either in Cuba or in what remains of the socialist world. Cubans in the middle and upper levels of the regime are no longer convinced that they are still in the vanguard of history. This shift has done much to sap energy from the Revolution. The Revolution has lost its self-image.[5] In the process, the regime's legitimacy has been undermined. In addition, the global crisis of Marxist-Leninist ideology has not only drained enthusiasm from the regime but also undermined its very purpose and reason for being. Cuba has seen the future, and it has proved to be a shambles.

What has taken the place of ideology? Nothing so far, except that, as in most communist regimes, we have been witnessing the rise of a new generation that is neither very committed to the ideology nor dedicated to sacrifice, the rising influence on that generation of the demand for material goods, and an increasing desire for the basic bedrocks of Western civilization—not just rock music, Coke, and jeans, but also freedom, democracy, and human rights. These trends in Cuba may bode as much ill for the regime in the future as does the decline in the attractiveness of the regime's Marxist-Leninist ideology.

## Crisis of Institutions

The Cuban Revolution has never been strongly institutionalized. The Cuban political tradition has been one of personalism, not bureaucratic organization. In the late 1950's, Castro came to personify the Revolution, and during the 1960's, he was its one-man decision-maker. He was universally referred to by his first name, a sign of both affection and of personalization. Castro's style was to ride around the island in his jeep, soaking in the plaudits, while also making ad hoc, spur-of-the-moment decisions about agrarian reform, industrialization, and other matters that he knew little about. Castro's personalistic style was highly publicized at the time, and to some it seemed romantic and endearing. But it helped ruin the effort at agricultural diversification, produced a series of wrong decisions about industrialization, and helped precipitate the downward turn of the economy. Cuba has still not recovered from these early mistakes. But through it all, Castro remained the great *caudillo* (man-on-horseback; nowadays jeepback) of the Revolution.[6]

During the 1970's, with Cuba having become absolutely dependent on the Soviet Union for its livelihood, the Soviets insisted on greater regularity, normalcy, and rationality in decision-making. The Soviet system is rationalistic and bureaucratic, and Moscow neither understood nor appreciated the flamboyant, populist, and charismatic style of Fidel Castro. An elaborate bureaucratic structure was put in place, modeled on that of the Soviet Union, in an effort to rationalize Cuban decision-making.

But after two decades of "bureaucratization," Castro still makes all the important decisions in Cuba. Small, routine matters can now be handled in the bureaucracy, but on the large issues, Castro remains the key person. Without his approval, almost nothing gets done. Despite the increased presence of "bureaucratic" methods of decision-making, the personalistic model continues to coexist alongside it, and often completely overshadows it.[7]

Cuba has the worst of all possible worlds. On the one hand, it has Fidel Castro, a clever man but one whose megalomania, resentments concerning the United States, incredible ego, poor decisions, and extraordinary sense of self-importance (the world, not just Cuba, is his stage) have been both the cement and the undoing of the Revolution. But on the other hand, Castro is aging (more on this below); his bluster and sheer presence are no longer sufficient to keep the Revolution on track. Castro still has considerable moral authority as the *líder máximo* of the Revolution, but increasingly he is being deemed irrelevant by the younger generation. The unraveling that will almost certainly follow Castro's demise is the fate to which all regimes so heavily based on one-man charismatic rule ultimately are doomed.

At the same time, the bureaucratic structure patterned after the older Soviet model has become just as venal and unproductive as its parent. It is riddled with graft, sinecures, special favoritism (increasingly so), shortages, and inefficiencies. Plus, it has little actual decision-making authority. Cuba seems unhappily to have combined the worst features of Soviet and Latin American bureaucracy.

At the grass-roots level, the Committees for the Defense of the Revolution (CDR's)—neighborhood and block associations that performed mainly vigilante functions—have not been well received by most Cubans, and have begun to fade into obscurity. Their one purpose seems to be spying and reporting any devi-

[5]The analysis here echoes that of Jorge Domínguez, "Cuba in the 1990's," presentation at the Annual Meeting of the New England Council on Latin American Studies, Durham, NH, Oct. 27, 1990.

[6]On Castro's leadership, see Edward González, *Cuba under Castro: The Limits of Charisma*, Boston, Houghton-Mifflin, 1974.

[7]The literature on "ungovernability" may now be more relevant to Marxist-Leninist regimes than to liberal-democratic ones; see Richard Rose and Guy Peters, *Can Governments Go Bankrupt?* New York, Basic Books, 1978.



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ance among neighbors; they could not serve as a future base for representative and democratic government.

The several mass organizations for youth, women, etc., whose creation in the 1960's was greeted warmly by supporters of the Revolution, are now viewed as simply organs of the state and official mouthpieces of the regime. Their memberships are declining as more and more Cubans—like their East European and Soviet counterparts before them—have come to value genuinely pluralist and independent associations.

The Communist party has become, like the parties in other communist regimes, an elite organization whose members are dedicated mainly to hanging onto power and preserving their own "perqs" and privileges. At Cuba's lovely Verdedero Beach, an entire separate peninsula has been reserved for the grandiose mansions of high party officials, public access to which is prevented by metal gates and armed guards. Party members monopolize all positions of influence in the regime. To be sure, the party itself has come to serve as an avenue of upward mobility for some able, talented Cubans seeking to rise to the top of the pyramid. But the party has become populated mainly with careerists; many observers are not convinced that the party has the cadres and trained leaders to govern Cuba after Castro eventually departs from the scene.

This leaves the army, headed by Fidel's younger brother and heir-apparent, Raúl. He is also Moscow's favorite because his orthodoxy is unquestioned. But Raúl has several chips on his shoulder, is not well liked by the Cuban people, and lacks Fidel's presence, charisma, and sense of the historic. He is also said to have been involved in some shady dealings. Raúl may not have Fidel's charisma, but with Moscow's support and as head of the armed forces he has some obvious advantages.

The Cuban armed forces are the largest, best trained, best equipped, and by far the most experienced military in Latin America—perhaps in the world—given their recent involvement in so many armed conflicts ranging from Central America to Southern Africa to Ethiopia to South Yemen to Cambodia. But the armed forces have not been immune to the growing divisions and dissension in Cuban society. Many Cuban families lost sons in Angola; several thousand troops also returned from the African campaigns with AIDS. The trial and execution of General Arnaldo Ochoa and several of his aides on drug-running charges also revealed fissures within the armed forces. Earlier, some analysts predicted that once Castro passed from the scene—and given the debilities of the bureaucracy and the Communist party—the army might well take power to prevent the unraveling of the regime. That could still occur; or the army could prop up a party dictatorship by serving as the power behind the throne. But in the wake of the Ochoa trial a new complication has arisen: the possibility that the army could also fragment, with various army factions allying with various civilian factions in the competition for power. With the army poised to play a major role in the competition for power after Castro's demise, one wonders whether the praetorian politics of pre-revolutionary Cuba will not again come into play.

## Crisis of Society

Cuba does not have any serious ethnic or regional-separatist movement with which to contend, as do the Soviet Union and some Eastern European states. But it does have a number of other social cleavages with which it must deal and which have the potential to change Cuban society fundamentally or to tear it apart.

To begin, there are sharp generational differences.[8] Castro himself is now in his 60's, paunchy, graying, and balding; most of the old guard of the Communist party are in their 70's. The old guard monopolizes most of the important positions in the regime, meanwhile separating itself more and more from the daily life of the society and ruling in an increasingly imperious manner. The next generation, consisting of many very talented people—persons in their 40's who may only dimly remember the revolution of the late 1950's and who are not ideologues but bureaucrats and technicians—is not only impatient with the inefficiencies of the old leadership but also wants to take over their perqs and positions, the sooner the better. In interviews, many of these younger officials were remarkably candid in saying that they thought the Revolution took some wrong turns in the early 1960's, and in criticizing the senior leadership, even Castro.

By now, however, there is also a third revolutionary generation of people, in their early 20's and younger. As in other Third-World countries, the majority of Cuba's population is under 25 years old. Despite all the educational thought control, the government's propaganda over the past 30 years, and the concerted effort to create a "new Cuban man" (socialist, loyal to the Revolution, selfless) by concentrating on the youth, the regime seems to have lost the battle for the hearts and minds of Cuba's young people. It may have been more successful in the countryside (although in this century,

[8]On this as well as the institutional changes, see Jorge Domínquez, *Cuba: Order and Revolution*, Cambridge, MA, Belknap Press of Harvard University Press, 1978.



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the countryside has never dominated Cuba), but among youths in Havana there is little evidence that the new Cuban man or woman has emerged. Cuban young people have also been strongly attracted by what Lucian Pye once called the "world culture"[9] of rock music (including now its protest lyrics), dress, and behavior emanating from the West. They also want more freedom, they would like to be able to travel, and they wonder why they must continue to make sacrifices for a regime that does not seem to be going anywhere. These young people are patriotic and nationalistic, and doubtless many of them would be willing to defend and maybe even die for the Revolution; but discontent is simmering among the youth, as it is among the general population, and in Cuba's difficult circumstances it can only get worse.

The regime's vaunted social programs have not worked as well as claimed, which is also generating discontent. The Cuban economy has been in difficult straits since the Revolution (see below), but for a long time the regime and its sympathizers abroad consoled themselves by pointing to its successes in social-welfare programs: housing, health care, and education. The housing program, by Castro's own admission, has been the least successful: the housing situation in Havana is terrible and rapidly getting worse as old houses deteriorate and few new ones are built to replace them. The apartment houses that are constructed by the state in the suburbs and interior cities do not keep pace with demand and are shoddily built.

Earlier, Cuba made major strides in medicine, but now it is facing renewed shortages of medical personnel and facilities. Indications are that malnutrition and malnutrition-related diseases are again on the rise and that life expectancy is going down. Similarly with education: in the early 1960's, Cuba concentrated heavily on education and significantly reduced illiteracy (which even before the Revolution was low—25 percent—by Latin American standards). But since that early spurt, educational efforts have flagged, and functional illiteracy is again rising. The economy simply has not generated the resources to maintain education or other social programs at adequate levels. In addition, there is some, although still inconclusive, evidence that the earlier figures may have been "cooked," that is, exaggerated to make the regime's efforts appear in a better light.[10]

## Crisis of Leadership

Fidel Castro has passed his 60th birthday and is visibly aging. His famous beard is now gray and scraggly. He is no longer the young, dashing, dynamic leader of yesterday, and up close he looks old and pasty. Some reports indicate that he has lung cancer.

Crude jokes circulate in Havana about the longevity of Castro's rule, which is now 32 years. Some Cuban cynics mutter that Castro wishes to surpass the record of Paraguay's Alfredo Stroessner (35 years) as the longest-ruling dictator in all of Latin America in the 20th century. There was a wild celebration in Asunción when Stroessner surpassed the previous 31-year record of the Dominican Republic's bloody tyrant Rafael Trujillo, and now Fidel has surpassed Trujillo as well. A certain perverse pride exists among dictators in these matters.

Cubans are also beginning to question and make jokes about Castro's *machismo*. In Latin American society, this is usually a sign that a dictator is in trouble, that he will soon face serious challenges. It is that time in Havana, a time of thinking about incipient challenges to Castro's long rule. It is thus high time for Castro to think about stepping down. Or, alternatively, he has the option of turning up the terror, which also in due course usually produces the regime's demise.[11] Fidel Castro appears more and more like one of those aging, rotting tyrants in the novel *One Hundred Years of Solitude*—an irony, since the author of that work, Gabriel Garcia Márquez, has long been a Castro admirer.

Castro is seen even by his own subordinates as increasingly out of touch. He is still honored and deferred to as the great hero of the Revolution; he still has considerable moral authority. But my conversations with Cuban officials indicate that while honoring him in the breach, they also increasingly ignore his advice. As in Franco's Spain in the early 1970's, the post-dictatorial transition has begun in Cuba even while the dictator is still in power.[12]

What will happen once Castro goes is very uncertain and—with the decline and fall of so many Marxist-Leninist regimes—is becoming increasingly more so. Cuba has a large number of bright, able, skilled middle-level officials in the party and in the government, but none of them has the charisma or the stature to fill Castro's shoes. And with its inefficient bureaucracy, it is doubtful that Cuban communism could survive without major alterations unless a single charismatic leader is

[9]Lucian Pye and Sidney Verba, Eds., *Political Culture and Political Development*, Princeton, NJ, Princeton University Press, 1965.

[10]Nick Eberstadt, *The Poverty of Communism*, New Brunswick, NJ, Transaction Press, 1988.

[11]See the large, multi-authored study edited by Daniel Pipes and Adam Garfinkle, *Friendly Tyrants*, New York, St. Martin's Press, 1990.

[12]For some comparisons, see Howard J. Wiarda, *Politics in Iberia: The Political Systems of Spain and Portugal*, New York, Harper-Collins, 1991.



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there to hold it together. But Castro, fearing potential challenges to his absolute authority, has never allowed anyone else to build up a personal power base or to acquire the kinds of responsibilities that might have provided training for a successor. Those who developed such ambitions, such as General Ochoa, have been quickly disposed of. Moscow has also been worrying about the problem of the Castro succession, and its solution has been to try to institutionalize the Revolution by strengthening the party and improving the bureaucracy. But these steps, even if successful, might not be enough to hold Cuba together in the post-Castro era.

It seems highly unlikely that when Castro leaves the scene, the Cuban regime will disintegrate. It seems far more likely that a combination of Raúl, the army and the party will provide continuity. Nevertheless, the regime faces numerous internal tensions, and pressures from the outside (Moscow, Washington, and Miami) are intensifying. However, once the great *líder* of the Revolution departs, it would not be surprising to see some of the threads that hold the regime together begin to fray, come apart, and unravel. If these developments were to be accompanied by widespread expressions of discontent in Havana, an uprising in one of Cuba's provinces, or an exile invasion, the regime could very quickly have a severe crisis on its hands.

## Crisis of the Economy

The Cuban economy has long been a troublesome problem for the regime.[13] Now the economy promises to become an even worse disaster, undermining further the regime's claims to accomplishments in the social area, destroying morale and hope, and ultimately threatening the stability of communist rule.

Some perspective on this issue is necessary. Before the Revolution, Cuba was one of the highest-ranking nations in Latin America on various indices of economic development (third in manufacturing, first in transportation, fifth in per capita income). Batista's Cuba was not at all, as the Castro regime's propaganda and its foreign apologists tried to portray it, a backward, poverty-ridden country.

From 1959 to 1969, the Cuban economy was ruinously managed. Ché Guevara, one of the heroes of the Revolution, was put in charge for most of this period. Guevara may have been an heroic guerrilla fighter, but he knew nothing about economics and was a terrible administrator. Cuba first tried heavy industrialization, but after building expensive factories, it found that it was less expensive to import industrial products than to produce them domestically. The empty factories that dot the Cuban countryside are illustrations of the classic mistakes of an incompetently run, centrally planned economy. Meanwhile, Cuba neglected agriculture, which soon found itself in ruins. Then, in the late 1960's, Cuba went back to "king sugar" on a massive scale and industrialization was abandoned.

Today, Cuba is far more dependent on its historic single crop, sugar, than it was before the Revolution. Sugar accounts for approximately 90 percent of Cuba's export earnings, as compared with only 75 percent 35 years ago. The shift back to sugar has come at a time of disastrously low prices for sugar, when everyone knows that sugar has no future on the world market. At about 7.5 cents per pound, the world market price for sugar is about half of Cuba's production costs. In recent years, most countries, including the United States, those in Western Europe, and the Soviet Union, have become largely self-sufficient in sugar, thanks to increased sugar-beet production. In addition, consumer preferences are changing: we now drink light beer instead of sugared beer, diet colas instead of the real thing, and use saccharine in our coffee. Finally, technology has overtaken the Cubans: real sugar but without the calories can now be produced in laboratories. When this product comes on the market in a few years, it will devastate the few remaining economies still heavily dependent on sugar. Recognizing these dismal trends, such historic sugar-producing countries as the Philippines and the Dominican Republic have been diversifying out of sugar.

Meanwhile, Cuba's efforts to diversify its economy have foundered. Industry is practically nonexistent; there is no business or commerce to speak of; diversification into other crops has not worked out, chiefly because Cuba's "natural" market, the United States, is closed to it; and tourism—though now being encouraged again—is still in its primitive stages. The hotels are old and dingy (though some new ones are being built); service (which, to the socialist Cubans smacks of subservience) is practically nonexistent; the soap doesn't produce lather; and the toilet paper is more like sandpaper—all familiar problems for tourists in socialist countries. Our group, which stayed in the Havana Libre (the Havana Hilton in earlier times), was forewarned that the rooms would all be bugged, but of course the Cubans also managed to blame that on the preceding Batista regime—as though the technology had not been upgraded in the last 30 years. Recently, Cuba and a Spanish consortium worked out a deal to build

[13]The following discussion is based on Carmelo Mesa-Lago, *The Economy of Socialist Cuba*, Albuquerque, NM, University of New Mexico Press, 1981.



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new hotels and improve the service (with the proviso that the consortium could hire and fire whom it chose); but Cuba's relations with Spain are now at a very low point (see below), and it will take years and maybe decades before Cuba is ready for large-scale tourism again. Moreover, tourism, by bringing in foreign ideas, tastes, and lifestyles, has the capacity to further undermine the regime, as it did Franco's a quarter of a century ago in Spain.

The possibility is growing—and most Cubans recognize this—that the economy may *never* recover. But if the economy fails to deliver, the social programs that are the regime's chief claim to accomplishment will continue to run down. The regime cannot in this day and age continue to rely on "moral incentives" alone; eventually it must start to deliver real goods and services—or else!

Poorer countries (such as the Dominican Republic, which historically lagged behind the more richly-endowed Cuba on various indices of economic development) have now passed Cuba in terms of per capita income. The larger countries of South America and Mexico have all, economically speaking, left Cuba in the dust. The English-speaking islands of the Caribbean have similarly prospered while Cuba has floundered. Even in Central America, beset by immense social and political problems caused in part by Cuba's meddling and sponsorship of guerrilla activities, economic performance has been better than Cuba's.

Cuba's economic performance has been dismal not just in comparison with neighboring capitalist countries but also with socialist ones. Even with their upheavals and economic inefficiencies of recent years, for example, the countries of Eastern Europe, China, the Soviet Union, and North Korea have all done better than Cuba. Cuba is in fact the only socialist country that has shown almost no growth at all in the last 30 years. In some key sectors, Cuba is still trying to catch up to production levels of the 1950's.

Into this economic breach caused by bad planning and disastrous economic management came the Soviet Union. Soviet subsidies helped to keep afloat this island economy, which would otherwise have sunk beneath the Caribbean. The Soviet subsidy, chiefly in the form of paying inflated prices for Cuban sugar (which the Soviets do not need) and providing Cuba with cheap petroleum, has been in the range of US$5 billion per year, or $14 million per day. The subsidy is larger than that provided by the United States to any country in the world. Because Castro's purse strings are in Moscow, it is clear that the Soviet Union is often able to dictate Cuban policy, both domestic and foreign. As Robert Packenham's careful analysis has shown, the regime has managed to devastate the economy and has replaced one form of dependency (on the United States) with an even worse kind (on the Soviet Union).[14]

But that was all before the economic and political disintegration of the Soviet Union. In a time of economic hardships at home, the Soviets are not eager to take on more basket cases in the Third World, and they have become increasingly impatient with Cuba. Soviet officials in Havana are unanimous in their derogatory comments about the Cuban "management style" and especially about Castro—comments often laced with cultural and racial prejudice. Cuba is probably still too valuable a proxy in the Third World and too much a thorn in the side of the United States for Moscow simply to give up on it. However, Moscow is now decreasing its trade and aid with Cuba and telling the Cubans they will have to find new markets and be more on their own.[15] The declining economic support from Moscow explains Castro's testiness toward the Soviet Union in recent speeches, his willingness to diversify the economy by opening up Cuba to greater tourism, and his desire to gain access to US markets. Meanwhile, the regime has put the country on a "war" footing, with greater rationing of scarce goods, reductions in food allotments, bread rationing, and calls for still more sacrifices.

## Crisis of Morale

After years of revolutionary upheaval, fiery speeches, and few accomplishments to show for all the sacrifices, Cuban society is facing a crisis of morale. The Cubans complain mightily that they never have enough money, that there is nothing to buy in the shops, that their currency is worthless. Like the Russians today and the Poles before 1989, they are increasingly impatient with the rationing and the long lines, with the shoddy goods they receive at the end of the those lines, and with the special stores and privileges enjoyed by the party and regime elite.

Some Cubans still go through the motions of waxing enthusiastic over the Revolution (that is expected and even required of them), but genuine emotion is lacking. What was earlier felt as an intoxicating explosion and surge of liberation and heady optimism is no longer there. The Revolution has become a dull, mostly boring routine.

[14]Robert Packenham, "Capitalist Dependency and Socialist Dependency: The Case of Cuba," paper presented at the Annual Meeting of the American Political Science Association, New Orleans, LA, Aug. 29–Sept. 1, 1985.

[15]*The New York Times*, Jan. 16, 1989.



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Cuba is not a very happy country. There is little spontaneity, enthusiasm, or *joie de vivre*. The country's vitality and restless energy have been sapped. The endless lines, shortages, and rationing have taken an enormous toll. Little money is available to spend, and in any case, the shops—except the special stores reserved for the elite—are empty of goods to buy. Once dynamic and bustling, Havana has become a dull, gray, crumbling city.

Cuban young people interviewed by the author found the regime boring and out of date. Unless one is a part of the university-educated elite and a member of the party, there is not much to do or look forward to. A person cannot travel, move, change jobs, or do almost anything without the regime's permission. Few incentives exist apart from the "moral" ones, and after three decades, these admonitions to work and sacrifice more are wearing thin. Cuban young people have no money to spend and nothing to spend it on even if they had some. During the week there is nothing to do in once-lively Havana, and on weekends the big thing to do is to walk (no one has cars) to the waterfront area for an ice cream cone. That is the extent of social life. Restaurants and clubs like the Tropicana (whose show is a relic of the Batista era, and is designed for tourists, with the showgirls wearing bananas and coconuts on their heads *á la* some old Carmen Miranda movie) are too expensive, may be closed to average Cubans, and were established mainly to earn foreign exchange from the few visitors who come to Cuba. A more risqué show at the Tropicana, which takes place after hours, is reserved for high Cuban officials.

Many Cubans recognize, further, that democracy and human rights, not Marxism-Leninism, represent the wave of the future in Latin America. Cuba has made some half-hearted rhetorical efforts to align itself with these trends, but since it has no democracy and its human-rights record is abysmal, these steps are seen as hollow and hypocritical. Cuba has repeatedly arrested those who dare to speak out in favor of human rights; its record on human rights is so bad that it has prompted investigations by the United Nations. Some members of the regime recognize that Cuba is out of step with the times and the democratizing currents in Latin America. They even express their disappointments to visitors while also recognizing they cannot do much to change the system—at least not until Castro is gone.

Cubans do not like the system but cannot change it, so they have resigned themselves to it. There is widespread complaining, which the regime often tolerates as a safety valve to let off steam, but little organized opposition. The Committees in Defense of the Revolution and other totalitarian controls take care of that. Cubans know that public expressions of discontent would bring them only trouble. In the author's long walking tours around Havana in neighborhoods off the main streets, countless people would sidle up and pop the question: "How can I get to Miami?" Cuba is an island fortress, and it is not easy to get in or out. One cannot, as in Central America, pay a few gratuities to get across the borders and into the land of milk and honey. Defections, however, are on the rise; and my estimate is that if the boats were made available á la Mariel and they were free to go, fully one-third to one-half of the population would leave.

Even among high-ranking Communist-party, foreign-ministry, and government officials with whom the author met—privately and in places where the conversations could not be overheard—the sense is strong that the Revolution has failed and requires new direction. Even more surprising, since it came from senior officials, was the idea that Cuba had made some wrong decisions in the early 1960's. The two most important mistakes mentioned by these officials were (1) the decision to transform Cuba into a wholly socialist economy rather than into one of a more mixed kind; and (2) the decision to cut off Cuba entirely from the United States (its main, closest, and best market, and still the chief magnet and focus of attention for most Cubans) and to realign itself entirely within the Soviet orbit.

But these two policies define the Cuban Revolution. Take them away, and the legitimacy of the Revolution collapses. Such comments from high government officials mean that they are questioning the very bedrocks of the Revolution. But these people are also realistic; they know that the clock cannot be turned back and that they are stuck with the system they have. This in essence is probably what now makes Cuba such a sad and melancholy country: the widespread sense that terrible mistakes were made but an equally strong sense that it is now too late to do anything about them, that Fidel and the leadership could *never* admit that they had made mistakes even if everyone acknowledges them in private, and therefore that they are condemned to live with the system they have, however woeful it may be.

## Cuba's International Isolation

Cuba and its Revolution have become increasingly isolated internationally. The heady days of Cuba acting as an inspiration to revolutionaries everywhere and its leadership of the nonaligned movement are over. On all fronts, the regime is out of step with its own region and with the world.[16]



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Castro's appeal to the Latin American Left has fallen precipitously. As Latin America during the 1980's moved toward democracy, and as the obvious failures of Cuba and other socialist regimes became manifest, the attractiveness of Marxism-Leninism declined and the Cuban model lost its appeal. United States Information Agency surveys reveal that throughout the hemisphere, in country after country, the population prefers, not Marxism-Leninism (or authoritarianism either), but representative, democratic government.[17] Many on the Latin Left have abandoned guerrilla campaigns in favor of electoral politics. The steam has gone out of the hemispheric revolutionary ethos.

Cuba has also lost almost all its allies and supporters within the Caribbean/Central American region. The Grenadan revolutionary regime has been ousted, Nicaragua's Sandinistas have been repudiated by the country's electorate, and Castro's newfound buddy, Manuel Noriega, is imprisoned in a US jail. In addition, under Soviet pressure, the guerrillas of the Faribundo Martí National Liberation Front (FMLN) have been weakened and have entered into negotiations for peace with the government in El Salvador. Even Mexico, which had long befriended the Cuban Revolution and used that policy to tweak the United States, is now putting distance between itself and Cuba.

During the 1980's, Cuba succeeded in reestablishing normal state-to-state relations, broken since the early 1960's, with a number of Latin American countries, and has heralded this as a triumph for the Revolution and a defeat for the US policy of isolating Cuba. But there is another and far more persuasive explanation for the renewal of these ties. Cuba is now dealing from a position of relative weakness, and the states with which it reopened relations are relatively stronger. Unlike in the 1960's, very few Latin American nations feel threatened by the example of Cuba's Revolution or by Cuba's sponsorship of guerrilla movements within their borders. Reestablishing relations with Cuba carries some trade advantages for other Latin American countries and enables these countries to satisfy their own domestic leftists. Rather than a sign of Cuba's success, therefore, the new diplomatic relations with other Latin American countries are a sign of those countries' maturity and self-confidence, of the integrity of their political institutions, and of Cuba's debilities.

Meanwhile, Cuba has lost further ground diplomatically and politically elsewhere in the world. When a large number of Cubans seeking political asylum took refuge in the Spanish Embassy in Havana, Cuba treated Spain and its diplomats shabbily, and thus squandered all the good will that it had tried to develop with Felipe González's Socialist government. Cuba's relations with other West European socialist parties and governments, and with the Socialist Internationale, have also been eroding. Cuba's many human-rights abuses, its economic failures and mismanagement, and its rejection of any Soviet-style *glasnost'* and *perestroyka* have further harmed the regime's reputation in Western Europe. Meanwhile, as the regimes in Eastern Europe have democratized and undergone transformation, they are also reassessing their relations with Cuba and finding the Castro regime less than satisfactory. Václav Havel has been particularly pointed in urging Cuba to try a whiff of freedom.

Similar trends have increasingly estranged Cuba from its longtime friend and sponsor, the Soviet Union. Moscow has long subsidized the Cuban Revolution, for Cuba was a useful ally and proxy presumed capable of wreaking vast destabilization on Latin America and engaging in proxy wars with clients of the United States. But Moscow can no longer afford this enormous drain on its economy, Latin America is not viewed as an important arena for Soviet diplomacy, and Moscow clearly deems its relations with the US to be far more important than its relations with Cuba.[18]

Cuba has explicitly rejected Mikhail Gorbachev's calls for *glasnost'* and *perestroyka* in favor of a call for "rectification."[19] Rectification means essentially a return to moral incentives, ideological purity, central planning, and one-man rule—all the radical principles of the 1960's that got Cuba in so many difficulties in the first place. Seen from inside Cuba, rectification is not a progressive step but a reactionary one. Like Cuba's foreign policy "accomplishments" in recent years, rectification is a sign of weakness, not of success.

Rectification has been portrayed in the press as Castro's answer to Gorbachev's challenges, an alternative to the Soviet and East European reforms. It is probably that—and also considerably less. For *glasnost'* and *perestroyka* in Cuba, if ever tried, have the potential to be profoundly destabilizing. The real reason for Cas-

[16]For a full-length discussion, see Howard J. Wiarda, *The Democratic Revolution in Latin America: History, Politics, and US Policy*, New York, A Twentieth Century Fund Book, Holmes and Meier, 1990.

[17]For a more extensive treatment, see Howard J. Wiarda, "Cuba and US Foreign Policy in Latin America: The Changing Realities," in Jorge Domínguez, Ed., *US-Cuban Relations in the 1990's*, Boulder, CO, Westview, 1989.

[18]Roger Kanet and Edward Kolodziej, Eds., *The Limits of Soviet Power in the Third World*, New York, MacMillan, 1989; Mark Katz, Ed., *Opportunities and Obstacles to Soviet-American Conflict Resolution*, Washington, DC, United States Institute of Peace, 1990.

[19]See Mikhail Gorbachev, *Perestroika: New Thinking for Our Country and the World*, New York, Harper and Row, 1987.



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tro's rejection of the Gorbachev formula, then, is fear that his own power would thereby be eroded and his regime possibly destroyed. Castro himself recognizes the weaknesses and discontent in his regime and has concluded that he and the Revolution cannot take such chances. As long as Castro is in power, there will be little *glasnost'* and *perestroyka.*

At the same time the Soviets are maintaining the pressure. They have been meeting with the Cuban business community in Miami to talk trade and commerce.[20] They are talking of using Miami instead of Havana as a hub for the Soviet airline Aeroflot. Their aid and subsidies to Castro are all declining.[21] All these steps have added to the isolation of Cuba—and to its paranoia.

## Conclusions

After 32 years, the Cuban Revolution might be expected to have consolidated itself, to have become institutionalized and to have cemented its base, to be secure and self-confident. But in fact what one finds in Cuba is terrible insecurity, weak institutions, a lack of self-confidence, severe uncertainty about the future, and an unconsolidated regime. Cuba faces all the general crises confronted recently by communist regimes —a crisis of ideology, a crisis of institutions, a crisis of society, a crisis of leadership, a crisis of the economy, and a crisis of morale—and it faces additional crises, which these other states did not, stemming from its international isolation and its preoccupation with and proximity to the United States. Rather than constituting a strong and well-entrenched regime, Cuba seems very precarious and vulnerable indeed. Cuba is, to be sure, a totalitarian state with all the mechanisms of control characteristic of such regimes, but upon close examination, it is apparent that the strings that hold the whole system together are quite weak. Such considerations account for Cuba's frenzied diplomatic activity in recent years and for its strong rejection of Gorbachev-like reforms of *glasnost'* and *perestroyka.*

Cuba's reaching out to various Latin American countries stems from Cuba's weaknesses. It also stems from Cuba's profound unhappiness with the Soviet Union and the feeling that the Soviets have abandoned both socialism and Cuba. Cuba realizes that the Soviet Union cannot continue propping up the Cuban economy and therefore it needs to expand its trade and diplomatic contacts with other nations. Similarly, the new strategy of rectification, of going back to monolithic ideology and central control, is not something Cuba follows out of choice but because it recognizes its weaknesses and simmering discontents, and fears that if it institutes a policy of openness and pluralism, the entire edifice of Castro's rule may come tumbling down.

Cuba is not about to collapse tomorrow. It still has considerable strengths and reserves, including a massive coercive apparatus. Castro's personality and moral legitimacy, despite all the fissures and explosive pressures, will probably hold the Revolution together at least for a time. Meanwhile, the crises in the Cuban social, economic, and political fabric will continue. Once Castro leaves the scene, it may be that Raúl, the army, and the party will be able to hold the regime together in altered form. But the author's strong impression after two visits to Cuba and numerous interviews with high officials is that Cuba is a boiling cauldron of tensions and simmering discontents. On the one hand, to the many Cubans in Miami whose bumper stickers proclaim "Next Year in Havana," the advice would be: don't pack your bags yet. On the other hand, it might not be a bad idea at least to get them out of the closet.

[20]For a report on these activities, see *Moscow-Miami Dialogue: The Mini Summit,* Occasional Paper Series, Vol. III, No. 1, Institute for Soviet and East European Studies, University of Miami, Coral Gables, FL, 1990.

[21]*The Washington Post,* Jan. 27, 1991.



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# Traveling Heavy: The Intellectual Baggage of the Chinese Diaspora

**Geremie Barmé**

*. . . Do not travel to a state that is in danger, and live not in a state that is in disorder. Present yourself when the Way holds sway, when not, then retire. When a state is well-governed it is shameful to be poor and lowly. But it is also shameful to be rich and prosperous when a state is ill-governed.*

—Confucius, *The Analects*, VIII:13.

During the protest movement of spring 1989 in the People's Republic of China, hundreds of prominent intellectuals added their voices to the general clamor for clean government and political reform. Together with the students and ordinary citizens of Beijing they offered the Communist party a unique opportunity to win the confidence of the nation. That opportunity was lost. Since the Beijing massacre of early June 1989, it has become a platitude to claim that the party has lost irrevocably the support of the intelligentsia, and even brought its own legitimacy into serious question.

In the year and a half since the suppression of the protest movement, a Chinese intellectual and cultural diaspora of a magnitude unseen since 1949 has developed—the result of the most devastating purge of intellectual life experienced in China since the Cultural Revolution. After June 4, some of China's best-known writers and intellectual figures, as well as many of the prominent student leaders, left China by whatever means, legal or not, open to them. They fled to countries throughout the world, in particular to France and the United States, where they joined large communities of Chinese students and scholars, many of whom had already decided not to return to China. One estimate puts the total number of mainland Chinese scholars, students, and other Chinese nationals scattered around the world since June 1989 at 100,000.

In the months immediately after the June 4 massacre, the exiles won the sympathy and support of many foreign governments, of the citizens of the countries in which they took refuge, as well as of overseas Chinese communities. With donated money some of them organized a new political party to pursue democracy and human rights in China—the Federation for a Democratic China (*Minzhu Zhongguo zhenxian*, or *Minzhen* for short)— and, in 1990, they began publishing a political and theoretical journal called *Democratic China* (*Minzhu Zhongguo*). Writers in exile set up their own association and launched two literary journals, one based in Oslo, Norway (*Today, Jintian*), and the other in West Lafayette, Indiana (*Square, Guangchang*). Similarly, Chinese journalists in North America were quick to join together and establish their own weekly newspaper, the *Press Freedom Herald* (*Xinwen ziyou daobao*), which they hoped would be instrumental in breaking through the news blockade imposed by the mainland. The China Information Center, a group based in Boston and led by the former Canton activist Gong Xiaoxia, which provided information on developments in China during the protest movement, has earned a reputation for a quality and probity of work that is nearly unique among the dissident organizations. Numerous other

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groups and publications sprang up elsewhere in the world after the massacre. The possibilities for continuing and developing overseas the intellectual and cultural life of the mainland seemed endless.

In the wake of the massacre, leading intellectuals in exile, such as the former *People's Daily* (*Renmin ribao*) journalist Liu Binyan, confidently predicted the imminent collapse of the Chinese Communist Party, first in a matter of months, then in a matter of a few years. They were convinced that the Beijing government had lost its legitimacy and was about to topple. The withering of the Marxist-Leninist governments of Europe during the last months of 1989 reinforced this expectation. Identifying with European dissidents-turned-statesmen such as Václav Havel, the leaders of the new Federation for a Democratic China—some of whom had previously functioned as entrepreneur-officials, "academic" advisers, or party bureaucrats—took on the airs of a government in exile that might have to assume power any day. Others were spoken of as representing "healthy forces within the party" who were biding their time overseas.[1]

Pro-government scholars such as He Xin, a man who has delighted in the crushing of intellectual freedom in China and supports the post-June party line,[2] as well as the party's exiled critics, appear comfortable with the notion that the intellectuals who aligned themselves with the 1989 protest movement or condemned the government for using violence to crush it can be considered "liberal or independent" intellectuals. To accept this view and classify the whole range of dissident Chinese opinion both inside and outside China in these terms, however, tends to cloud the issues surrounding the Chinese intellectual diaspora more than to clarify them. The majority of intellectual exiles who fled China in 1989–90, and many of those arrested, detained, or purged after June are not so much "independent" thinkers as persecuted inhabitants of China's "gray zone"; they are official and semi-official intellectuals who have, through their independent action, temporarily lost the patronage of the state.[3]

Indeed, whereas the new exiles base their political legitimacy on their involvement in the 1989 movement, the credentials of pre-1989 exiles, particularly those who organized the US-based Chinese Democratic Alliance (*Zhongguo minzhu tuanjie lianmeng, Minlian* for short) in the early 1980's, are in many respects more impressive. Alliance members didn't wait until 1989 to "discover" democracy and the role of independent political agitation. The Alliance was labeled by the communist party as a "counter-revolutionary" organization years ago. Indeed, many people who have come to trade on a reputation as famous "dissidents" strenuously avoided all contact with it before June 1989.[4]

Over the months, the new intellectual diaspora has lost much of its fervor as well as the positive public profile it enjoyed in the months immediately after the massacre. Financial support is said to have begun drying up when it was reported that much of the donated money had gone to funding international junkets for intellectuals and activists who had set up a hierarchy of privilege that dictated how expensive their hotel rooms not only could, but in some cases, had to be. Overspending and personal indulgence was even seriously defended by former student leaders like Wuer Kaixi who, after all, had grown up not in a period of Stalinist oppression or even Maoist instability, but in the China of the 1980's when economic carpet-bagging and decadence flourished to a degree unprecedented in contemporary Chinese history.[5]

Meanwhile, in China, the purge begun in June 1989 continues. The latest flurry of arrests, investigations, and dismissals began in October 1990, the moment the XIth Asian Games concluded in Beijing, and reached a climax in January-February 1991, with the trials of leading dissidents involved in the movement. So far, however, the architects of this fitful terror have concentrated almost exclusively on bureaucratic and factional enemies, as well as on a small quota of supposed "bad elements" and have not succeeded in wiping out intellectual life—or even dissent—on the mainland. Nevertheless, the regime remains disconcertingly stable. Publicly pinning its claim to legitimacy—as it has done since the early 1980's—on national traditions and patriotic goals (like the success of the Asian Games, to cite

[1]Lee Yee, the editor of the Hong Kong journal, *Jiushi niandai yuekan*, has cited Xu Jiatun, the former head of the New China News Agency in Hong Kong and a vice-premier in the Chinese government, as an example of these "healthy forces." Xu suddenly appeared in the United States in mid-1990 after having slipped out of China.

[2]See He Xin, "Letter from Beijing," translated and annotated by Geremie Barmé, *The Australian Journal of Chinese Affairs* (Canberra), No. 24, July, 1990, pp. 343–44.

[3]See Jirina Siklova, "The 'Gray Zone' and the Future of Dissent in Czechoslovakia," *Social Research* (New York), Summer 1990, pp. 347–63. My thanks to David Kelly for bringing this article to my attention.

[4]There is certainly a degree of cynicism in the approach some people have taken to the question of politics in exile. A cadre of one of the democratic organizations was berated recently by a member who joined in early 1990 for not helping arrange for the extension of a visa. "What do you think you're there for?" the nouveau dissident demanded.

[5]Details of Wuer Kaixi's views and antics since June 1989 can be found in Joseph F. Kahn's "Better Fed Than Red," *Esquire* (New York), September 1990, pp. 186–97. See also Orville Schell, "Children of Tiananmen," *Rolling Stone* (New York), December 14–28, 1989, pp. 185–95, 247, 249. When Wuer visited Taiwan in November 1990, one university professor, commenting on the withering criticisms the student had suffered throughout the year, said Wuer had learned his lesson and had "risen from the flames like a phoenix."



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a recent example), the party has weathered the chaos of 1989 and appears to have confined the debate about the country's future, at least for many in China, entirely within the context of party politics.

## A Century of China's Dilemma

The Chinese dilemma today is seen both by intellectuals in exile and by intellectuals in China as being, in essence, not notably different from that existing in the late Qing dynasty. Today, like 100 years ago, there is a "crisis of meaning." In the past, this was brought about by the collapse of Confucian orthodoxy; in the 1980's, it was precipitated by the collapse of Marxist orthodoxy.[6] In both cases, the collapse of orthodoxy threatened the social order and caused economic, political, and cultural problems that were exacerbated by contact with the West. Many of the current discussions among overseas Chinese intellectuals reflect the "quick fix"[7] mentality that has been prevalent in Chinese political and cultural debates for nearly a century. As in the past, a sense of crisis and urgency has combined with mounting political frustration; the result has been proposals for radical and extreme change that reflect only limited consideration of practicalities.

Eastern Europe has added a new element to the debate. China's turmoil coincides with the collapse of Marxism-Leninism in the Soviet bloc and the resulting pronouncements concerning the "end of history" and the "triumph of democracy," as well as with the questioning of the validity of socialism and the reformability of socialist states, such as the Soviet Union. The realization that China's situation and problems are similar to those of the other Marxist-Leninist states has brought about an unprecedented "internationalization" of the intellectual debate among exiles as well as among those remaining in China. A conference of Chinese and European pro-democracy activists held in East Berlin in early 1990 led to a number of interesting reflections.[8] There has also been a concerted effort to translate Eastern European dissident writings and major documents into Chinese.[9]

The well-written, clear, and thoughtful writings of European dissidents are forcing many Chinese exiles, who have yet to produce literature of comparable quality or universality, to reevaluate their own sense of intellectual superiority and uniqueness. Other Chinese intellectuals can only cope, however, by reacting against the notion that they are but a part of a larger humanity. Unwilling to learn the language (either linguistic or intellectual) of their host countries, they search out like-minded compatriots with whom they can wallow in patriotic self-pity and restate their loyalty to Chinese tradition, Confucian values, and the "living spirit" of the past. In exile, these Chinese voluntarily cut themselves off from the intellectual growth and stimulation they were forcibly denied by the censorship and restrictions in China. Others ruminate, as Chinese intellectuals have throughout this century, about "reconstructing Chinese culture."

In recent months the debates concerning "peaceful evolution" and "new authoritarianism" (that is, enlightened dictatorship) that were raging in China in late 1988 and early 1989 have reified overseas. The exiles embrace a variety of solutions for China that range from instant democratization à la Eastern Europe (but forgetting that the Europeans, unlike the Chinese, had a democratic tradition to draw upon) to another violent revolution.

## China's Exiles: Problems and Prospects

Lu Keng, a veteran Chinese journalist and political commentator, who now spends much of his time reporting on developments in the Chinese democracy camp in North America for the Hong Kong press, recently remarked: "It is plain for all to see that to a great extent the entire political fate of China will depend on this group of young people overseas."[10] Lu sees the stark disagreements and factional struggles, which other observers feel have paralyzed the movement, as resolvable problems of over-organization. His optimistic view is popular in some Chinese intellectual circles in Hong Kong and abroad.

Hu Ping, chairman of the Chinese Democratic Alliance and a pro-democracy activist since 1979, is more pessimistic. Along with his close associate Xu Bangtai, a dissident from Shanghai who also has a history of pro-democratic activism, Hu is one of the most interesting Chinese dissidents in exile. In 1979, he wrote an impressive and important *samizdat* article entitled "On the Freedom of Speech," in which he discussed the role of oppositionist forces in China.[11] Yan Jiaqi, the

[6]See David Kelly's "Chinese Marxism since Tiananmen: Between Evaporation and Dismemberment," a lucid study of this question, in David Goodman and Gerald Segal, Eds., *China in the Nineties: Crisis Management and Beyond*, Oxford, Clarendon Press, forthcoming 1991.

[7]This is W.J.F. Jenner's term for the phenomenon.

[8]See, e.g., the comments of the participants, including Hu Ping, Wan Runnan, Su Wei, Yuan Zhiming, Ding Xueliang, and Wang Runsheng in "Exploring a Path to the Future," *Minzhu Zhongguo* (Princeton, NJ), June 1990, pp. 38–51.

[9]These include, among other things, documents from "Charter 77" and a number of Václav Havel's writings.

[10]Lu Keng, "What's the Value of the Democracy Movement?" *Xinwen ziyou daobao*, (Alhambra, CA) Oct. 12, 1990.



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government think-tank intellectual turned activist and first chairman of the newly-founded Federation, heaped praise on Hu's work in 1990. But as Hu has said, "it's far too late . . . if people had only recognized the value of it at the time, things would have been very different."[12]

Commenting on the newly arrived dissidents, Hu has remarked: "There has hardly been any improvement in the level of agreement within the ranks of the democracy movement compared to the square [Tiananmen] last year. What possible hope is there if this situation continues?"[13] Hu is painfully aware of the difficulties of the situation and has made many practical proposals to deal with the organization of oppositionist forces overseas, but even his own organization is said to be torn by factionalism and to be under a cloud of suspicion. In 1990, wild allegations were made by factional enemies of the Alliance that agents of the Chinese secret police had infiltrated the leadership of the organization.

The split between the Alliance and the newer Federation probably will not be resolved in the near future, despite the considerable efforts of both sides. Factional strife, tale-telling, and general back-biting are rife. To an observer, a central problem between the groups seems to revolve around the issue of "credentials" (*zige*)—whether 10 years of quiet but persistent activism inside China and out (Hu Ping and the Alliance) can match six weeks of dramatic demonstrating and flight (the activists of the Federation). Some members of the Federation dismiss the Alliance for having failed to achieve anything significant during the 1980's.

Another point of contention is the two organizations' relationship with the CCP itself: the Alliance was branded early on as being anti-party, while some leaders of the Federation, a number of whom once worked within the party as reformers, look forward to the day when they can go back and continue their work. Some leaders have even mooted the possibility of a "round table conference" to discuss the future of the nation with the party in imitation of the "round-table" discussions that took place in Poland and Hungary.

Not all the divisions between the two groups are due to the differences described above. According to reports published in the Hong Kong press, the intellectuals in exile in America have also split into two rival "academic" camps. The "Chicago School," including mostly literary theoreticians such as Liu Zaifu, Huang Ziping, Gan Yang, Xu Zidong, and Li Tuo, is said to be pursuing the May Fourth tradition of utilizing "culture and science" to save the nation, preferring scholastic research to direct political involvement. The "Princeton School," which includes Su Xiaokang, Yuan Zhiming, and Su Wei, is more politically active. The arrival of Fang Lizhi, his wife Li Shuxian, Liu Binyan, and the ex-student leader Chai Ling at Princeton in early 1990 was expected to strengthen their forces.[14] Both Fang and Liu were very active during the Beijing dissident trials of January-February 1991. Meanwhile, at Stanford University, Chen Yizi,[15] a former party adviser on agricultural, economic, and political reform, inaugurated the activities of his "Contemporary China Research Center" (*Dangdai Zhongguo yanjiu zhongxin*) in February, announcing that this group, which is funded chiefly from Taiwan, would conduct a survey of the reforms in the Soviet Union and Eastern Europe.[16] The personnel of these groupings are highly fluid, and key figures move between countries and cities with a dizzying frequency, as if engaged in some elaborate guerilla warfare strategy. In China, the heads of reformist groups of intellectuals have tended to act as lords of semi-autonomous fiefdoms, often in competition with each other, and it would appear that the activists have brought their old habits with them into exile.

Lu Keng has reported that strong support for the overseas activists continues to exist in China. In the period immediately after the June 4 massacre, people rejoiced at every successful escape of a dissident as the state machinery began to act on the numerous arrest warrants issued by the government. But as the situation stabilized and particularly after a number of detainees were released starting in late 1989—for a whole range of political and economic reasons—things seem to have changed. In a trip to China in August 1990, I did not hear any positive comments about the exiles at all. People frequently criticized the leading exiles for leaving China and not returning to take responsibility for

[11]The text of Hu's "*Lun yanlun ziyou*" can be found in Hu Ping, Wang Juntao, et al, *Kaituo—Beida xueyun wenxian* (*Path-finding—Documents from the Peking University Student Movement*), Hong Kong, Tianyuan shuwu, 1990, pp. 31–77. Ironically, Wang Dan, a student leader in the protest movement produced his own work on the subject 10 years later, but it was far inferior to Hu's article in terms of both content and style. Wang Dan's "On Freedom of Speech for the Opposition," *Jiushi niandai yuekan*, No. 9, 1989, pp. 72–73.

[12]Hu Ping, "The Next Step for the Democracy Movement," *Xinwen ziyou daobao*, Oct. 12, 1990.

[13]Ibid.

[14]See Ou Lu, "The Shift from Paris to North America," *Kaifang zazhi*, (Hong Kong), No. 8, 1990, pp. 75–77, and Tan Liyan, "The Princeton School and the Chicago School," ibid., No. 10, 1990, pp. 50–51.

[15]Exile has given Chen an opportunity to record his version of the history of China's reforms in the 1980's. His story was published in Taiwan in June 1990. See Chen Yizi, *Zhongguo: shinian gaige yu bajiu minyun—Beijing liusi tushade beihou* (*China: Ten Years of Reform and the '89 Democracy Movement—Behind the June 4 Beijing Massacre*), Taipei, Lianjing chuban shiye gongsi, 1990.

[16]See "A Series of Activities Planned by the Contemporary China Research Center," *Xinwen ziyou daobao*, Feb. 1, 1991.



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their actions. The people I met, from intellectuals to ordinary people in the street, were fairly unanimous in the view that the activists who fled in 1989 are now living off a reputation based on their past extremism and the sufferings of their fellows in Beijing. As one writer, himself in exile, has put it, they are "eating steamed bread soaked in blood."[17] Although this view may be unfair and untrue, it is widely held by the Chinese I know, not only in China, but also overseas.

The intellectuals in exile have by the very fact of their exile reduced their credibility, for they have sought refuge with what are regarded as former imperialist powers (the United States, Britain, and France) and even the Taiwan government. It is easy for the Chinese official press to portray them as traitors not only to the party but also to the nation itself. The Chinese government is aware of the envious reactions of its own people to the image of dissidents living off the fat of the land in exile, and it has exploited it, just as East European and Soviet governments did before them.

However, the government for the most part has not responded directly to the activities of the dissidents, recognizing that government-led attacks on the exiles would only create sympathy for their cause. When officials do want to be critical, they often use foreign media reports of the excesses of Chinese exiles. These factual, "objective" accounts are far more damaging than government attacks would be. Many of the activists and intellectuals have simply floundered, lost in the West. Freed from the repressive or at least regulating force of the state apparatus and faced with the seemingly limitless freedom of the West, many have indulged in an orgy of what the party would call "extreme individualism." Society in China places little emphasis on self-regulation or personal morality, and without state imposed constraints and socialization, the behavior of some exiles, particularly that of students, has exceeded the bounds of propriety. The absence of the state's suffocating socialization often means anarchy.[18]

One story from the Second Congress of the Federation for a Democratic China, held in San Francisco in late September 1990, is very revealing. It seems that the various leaders of the Federation were in the habit of running up phone tabs in their hotels that exceeded the price of the hotel room itself. To prevent the use of public (i.e., donated) funds for private long-distance and international calls, a telephone card was issued to the leaders for official use. The card was to be returned upon completion of official business. It turned out, however, that Wuer Kaixi, the young ex-vice-chairman of the Federation, took down the code number on the card before returning it to the organization. Excess charges amounting to $1,800 appeared on the next phone bill of the Federation. The responsible functionary decided there were two ways of dealing with the situation: make Wuer Kaixi cough up the money or refuse to pay the phone company. He decided to renege on the bill.

This decision was questioned at the conference by a doctoral student in computer studies who pointed out that the record of the unpaid bill would remain in the system for years to come, damaging the organization's future credit rating, not to mention offending past and future donors of funds. After discussion at the congress, the delegates decided that their credit rating was more important than the $1,800, and the bill was paid. It is interesting, however, that at no time during the discussion was the question of the morality of misusing Federation funds in this fashion, or attempting to defraud the telephone company, debated. The discussion was conducted in terms of pure pragmatism.[19] The decision to pay the bill came only after the matter became an issue in the press and the Federation realized that nonpayment could affect future funding.

The protest movement of 1989 was in large part a public statement against corruption and the secret hierarchies that rule China. Unfortunately, many famous exiles have given the impression that they are little better than the system they oppose. Meanwhile the Chinese government has tried to portray itself as fair and reasonable to the outside world; it has made minor concessions to the families of dissidents—for example, allowing Fang Lizhi and Yan Jiaqi's sons, and Su Xiaokang's wife to travel overseas.

## Chinese Exiles in Perspective

Sudden exile is disconcerting. Yet in some ways it has been easier for the Chinese than it has been for many European exiles in the past. Chinese exiles have not had to struggle, as did Czech, Hungarian, or even Soviet émigreś, to create their own publishing world and linguistic environment overseas. Chinese émigreś have had ready access to the publishing houses of

[17]There was a belief in China that eating steamed bread (*mantou*) dipped in the blood of a recently executed person could prolong life or cure disease.

[18]This has been noted by Lee Yee in "The Dilemmas of the June 4th Exiles," *Jiushi niandai yuekan*, No. 10, 1990, p. 33. Lung-kee Sun's *Zhongguo wenhuade "shenceng jiegou"* (*The "Deep Structure" of Chinese Culture*), Taipei, Tangshan chubanshe, 1990, revised edition, is an elucidating study of the significance of socialization with Chinese characteristics.

[19]See Gao Luji, "All Too Happy to Reform," *Jiushi niandai yuekan*, No. 10, 1990, p. 36.



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Hong Kong and Taiwan as well as to the extensive Chinese-language press in the United States. Publishers in Hong Kong and Taiwan have produced book series to accommodate the writings of various exiled and jailed intellectuals, and major newspapers and journals regularly run articles and interviews with the star dissidents. Royalty checks and payments for these articles can be considerable, especially in Taiwan, where writers are paid handsomely for their work. But there are problems. Often, the style of the work of Chinese from the mainland—a theoretical and narrative mode influenced by decades of leaden party prose and double-think—limits their works' appeal, and thus saleability, and sours their relationship with editors as well.

The mainlanders are also used to running their own show and tend to look down on Hong Kong and Taiwan. To overcome the real or imagined limitations of the "overseas Chinese" publishing scene, they have established a number of new journals. However, one of the newest magazines, the bimonthly *Twenty-First Century* (*Ershiyi shiji*), which appeared in late October 1990, actually argues in favor of Hong Kong as a major locus for Chinese intellectual debate. Produced by the Institute of Chinese Studies of the Chinese University of Hong Kong, *Twenty-First Century* is edited by Liu Qingfeng, an academic who is the wife of the mainland philosopher Jin Guantao. Its editorial board includes leading intellectuals, including prominent proponents of neo-Confucianism on the mainland, in Taiwan, Hong Kong, and the US. The editors' announcement of the journal states:

*We have faith in two things: for a nation to progress in the modern world the onus lies in the long run on its intellectuals; second, Chinese intellectuals are now scattered throughout the world. In terms of the circulation of information, appreciating the changing scene [in China] and the exchange of ideas, Hong Kong can play a unique and irreplaceable role.*

*We are convinced that Chinese intellectuals throughout the world are both willing and able to work for the establishment of a pluralistic Chinese culture that can look toward the 21st century.*[20]

It is significant that the first issue of this magazine was received by a number of intellectuals in Beijing during November, apparently without interference from the authorities. One reader in the Chinese capital commented that a number of university students and others had read it and said they were bored by the familiar tone of agonized concern about the fate of China and her culture in the lead articles. This reader remarked, "It's a decent product, but students are exhausted by all that stuff now."[21] Following June 1989, *The Chinese Intellectual* (*Zhishifenzi*), founded in New York in the mid-1980's and suspended in 1989 when the editors tried to produce it from Beijing, reappeared in New York. Edited by Liang Heng, the former political activist from Hunan province who co-authored several books on China in the 1980's with Judith Shapiro, *The Chinese Intellectual* has generally served as a forum for serious although at times obfuscating intellectual discussion. Along with *Twenty-First Century*, it provides a valuable forum for debate.

*Minzhu Zhongguo*, the theoretical organ for the Federation for a Democratic China, is produced in Paris. The first four issues published in 1990 were generally of high quality; it compares favorably with the New York-based *China Spring* (Zhongguo zhi chun), the publication of the Chinese Democratic Alliance. America-based Chinese students also produce their own magazine, *Freedom Forum* (*Ziyou luntan*), from New Orleans, Louisiana. These journals, which are banned in China—as are most of the Hong Kong monthlies—also provide a forum for discussing questions ignored or underrated by mainland intellectuals and dissidents in the past, a case in point being the problem of Tibet.

While avoiding the labels and limitations of established non–mainland Chinese publications, these journals do, however, reflect the factionalism and sectarianism of their mainland editors. Even such leading Hong Kong monthlies such as *The Nineties* (*Jiushi niandai yuekan*), *Open Magazine* (*Kaifeng zazhi*), and *Contending* (*Cheng Ming*) show the definite bias of their editors by favoring certain exiles over others, often pursuing their own in-fighting by pitting individuals or groups against each other in their pages.[22]

As mentioned above, there are also two new literary journals published in the West, *Square*, and *Today*. *First Line* (*Yihang*), a poetry magazine edited by artist and poet dissidents who left China in the mid-1980's,

[20]From an editorial note in the magazine's promotional pamphlet.

[21]Personal communication.

[22]*Jiushi niandai yuekan*, a former pro–Zhao Ziyang reform journal, tends to favor the recently exiled and displaced intellectuals of the Federation and their associates, such as Su Xiaokang, Yan Jiaqi, Liu Binyan, et al., while *Kaifang zazhi* gives greater prominence to people associated with the older and consistently rebellious members of the Alliance. One of the most indicative examples of this type of favoritism can be seen in the support *Jiushi niandai yuekan* has given the exiled artist Huang Yongyu since 1989, while *Kaifeng zazhi* supports Huang's nemesis Fan Zeng (in exile since November 1990). Both Huang and Fan were former darlings of the party gerontocrats. In competition throughout the 1980's, they are now able to pursue a bitter personal rivalry on a political plane with the complicity of the editors of these magazines, who themselves have a history of disagreement.



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also has been published in New York for several years. It has consistently failed to leave the realm of the mediocre, and there are few indications that the new magazines will be much better, although they do enjoy the support of prestigious writers-in-exile who publish articles in them and serve on their editorial boards.

We have yet to see any outstanding literature produced by the Chinese literati in exile. So far, the best writing has come from Taiwan "exiles" or rather expatriates from the 1960's and 1970's. Throughout the 1980's, the mainland intellectual scene, in which the literati in exile participated, was marked by a fascination with the most up-to-date and fashionable theories of the West. Groups of scholars vied with each other to learn the latest buzz words and theoretical paradigms in order to be able to stun their fellows with their intellectual chic. Now that they are in the West themselves, many feel they must come to grips with the intellectual, political, and cultural traditions at the base of Western society. They understand that no amount of flashy neologisms or sociological theories, nor even the movement-induced stardom of 1989, can provide a shortcut to understanding their new environment and learning to look at their own cultural and political dilemmas from a fresh perspective. This is a major point made by Liu Xiaobo in the essay translated below, and it is of considerable importance in our own appreciation of the dilemmas of Chinese intellectuals in exile.

Cut off from the living and changing cultural scene in China and confused by the pluralistic chaos of foreign culture, some Chinese cultural figures, however, all too readily become culturally conservative, preserving their identity through traditional attitudes, festivals, dances, and performances. While some members of the Chinese avant-garde in exile join fully in the cultural life of their new homes, others have gradually reverted to worshipping the ossified cultural forms that they rebelled against in China. It is interesting to note in this context that Su Xiaokang, the main writer of the iconoclastic 1988 television series "River Elegy" (which is now branded by the government as part of a wave of "cultural nihilism" that led to the spring 1989 protest), who is now the head of the Federation's journal *Minzhu Zhongguo,* became far more receptive to "traditional" Chinese culture when he went to Taiwan, which considers itself the bastion of all Chinese values.[23]

It is important to remember that Chinese exiles are not men and women backed up by a European intellectual tradition, but people rooted in a strong Confucian political heritage in which the intellectual's highest fulfillment is to serve the state or nation. While there is nothing wrong with this within the Chinese cultural context, observers and analysts can be misled if they accept all the exiles' democratic rhetoric without considering the context in which it is used. Western academic discourse on the role of civil society, and the power of popular pressure groups, and so on in the transformation of European socialist states has armed many of the Chinese exiles with a new vocabulary, just as Marxism-Leninism gave intellectuals in the China of the 1930's a new form of discourse.[24] Their use of this vocabulary does not, however, mean that the conceptions behind that language (in this case, liberal thought) have infiltrated Chinese political or social practice even in exile. So while the level of Chinese debate seems, on the surface, to have been raised considerably, the subtext of the debates may prove to be little different from that of the past. This may be particularly true of the famous participants of the 1989 protest movement, be they intellectuals, cadres, or students.

The thinking of students and scholars who were overseas before 1989 is more apt to have undergone real change. Hu Ping and the Alliance and Gong Xiaoxia and the China Information Center, as well as the Chinese graduate students in America, Europe, and elsewhere are important in this context. Their years overseas, unencumbered by political stardom or media hype, have enabled them to try to live by the ideals that they would like to see realized in the China of the future. For members of Hu and Gong's groups—as well as for those of the Federation—there is considerable emphasis on using their respective organizations to democratize the political habits of the Chinese on a small, practical scale. Although few are particularly optimistic that they will be hugely successful, they do believe it is a start.

One subject of intense debate among the exiles, both old and new, has been the relationship of "Communist culture" to Chinese tradition and intellectual life at home and abroad. Gong Xiaoxia, like an increasing number of activists overseas, recognizes the elements in the Chinese political equation that she believes make China's situation different from that in other socialist nations. The Cultural Revolution and the decade of reform that followed not only undermined the primacy of the party, but also completely corrupted the society itself. Commenting, in early 1990, on the difficulties of democratization, she said:

[23]See Lin Ching-wen and Lina Hsu, "Marx, Not Confucius, Blamed," *The Free China Journal* (Taipei), Jan. 11, 1990.

[24]See Werner Meissner, *Philosophy and Politics in China: The Controversy over Dialectical Materialism in the 1930s*, translated from the German by Richard Mann, London, C. Hurst & Co., 1990, pp. 1–15, 174–92. Meissner provides a glossary of the symbols used in the Chinese debates concerning dialectical materialism and a key to their interpretation on pages 174–79. My thanks to W.J.F. Jenner for directing my attention to this fascinating study.



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*We are further away from democratization now than we were seventy years ago [at the time of the May Fourth Movement] or even in the late Qing dynasty. . . . A basic condition for democracy is mutual respect, a respect for the rights of others . . . forty years of communist culture have eliminated what things had been introduced from the West as well as destroyed the relatively humanistic values of traditional Chinese culture . . . what we got in its place was a Communist culture in which suspicion and struggle are the norm. . . . What type of society are we faced with today? One in which people have no respect either for others or for themselves. There is no basic code of conduct or standard of right or wrong . . . no wonder people say China must experience anarchy before democracy can develop. Democracy requires not only order but a basic respect for order . . . What we can do is start with ourselves . . . .*[25]

A recent exile from the mainland, Hou Dejian (see pp. 109–10 for more details), offered similar advice in late-July 1990:

*I believe the democracy movement overseas should concentrate on the Chinese students studying abroad, overseas Chinese, and foreigners. There is much that can be done, especially since the democratization of attitudes of Chinese students overseas will be crucial in the future direction China takes. . . . More people have to be given a sense of involvement, this is the key to the success of the movement overseas.*[26]

## Chinese Exiles Take Stock

Given that some of the stars of the Chinese intellectual world have been forced to return to their studies and are now receiving rigorous training in the Western intellectual tradition at various universities, the next awakening may be even more powerful. In the United States, Chinese students have already established their own democratic student organization. Their present enforced exile, while tragic on a personal level, may equip them to play a considerable role in the future cultural debate within China. The younger Chinese scholars studying in universities in other parts of the world will also have an impact on China in the future as well as influence the way Westerners see and understand China.

Even among those who are now devoting themselves to their studies, the patriotic desire to make a contribution to the nation remains an overriding one. Xu Gang, a poet and former *People's Daily* editor who went into exile after June 1989, has interviewed many intellectuals in exile, including students, during his travels in Europe and North America. He has recorded his impressions in the series, "Chinese Outside the Wall," published in Hong Kong from October 1990.[27] He found that the overwhelming majority of his interviewees were disillusioned with their host countries and felt a concomitant, overwhelming sense of loyalty to China and a desire to contribute to the Motherland. Indeed, the interviewees' remarks resemble the official line on patriotism, minus the recognition of the historical necessity of socialism and the socialist cause.[28] (Liu Xiaobo, in the essay that follows this article, points out that narrow nationalism and a "China-fixation" are major symptoms of China's intellectual ossification.)

Chinese intellectuals have also engaged in much critical reflection on the events of 1989. We are not privy to the views of those on the mainland since they cannot publish their opinions without fear of persecution, but among those who are abroad, a number have published interesting essays. Yuan Zhiming, for example, in an article published in January 1990, queried what would have happened if the most famous intellectuals —Fang Lizhi, Liu Binyan, Yan Jiaqi, Chen Yizi, and Su Xiaokang—had "courageously stepped forward and led the movement." Voicing a tone of survivor's guilt, he continues:

*If we had formulated some mature, rational and feasible plan of action, and organized a democratic front incorporating the students and civilians, if we had worked harmoniously together to struggle for dialogue with the authorities, how would it have turned out? Of course, we may still have been defeated, but we would have done everything in our power to prevent defeat.*

*. . . when the time came for real action, they [the intellectuals] were struck impotent. Suddenly there was no sign of all that heroism. Keeping ourselves clean, evading responsibility, knowing when to stop, being*

[25]Quoted in Tan Xia, "Seventy-one Years, Reflections of Four Generations—from May Fourth to June Fourth," *Zhongguo zhi chun* (New York), No. 7, 1990, pp. 19–20. Similar sentiments are often expressed in the émigré press. See, for example, Wang Huiyun's "Democracy Is a Life-style," in *Xinwen ziyou daobao*, Nov. 16, 1990.

[26]Hai Feng, "He Says He's Duty-bound to Continue—An Interview with Hou Dejian" *Xinwen ziyou daobao*, July 30, 1990.

[27]See Xu Gang, "Chinese Outside the Wall," *Jiushi niandai yuekan*, No. 10, 1990, pp. 42–52, and No. 11, 1990, pp. 104–16, for the first two installments.

[28]See, for example, Dai Yi on "Patriotism and Its Characteristics," originally published in the *Guangming Daily* and summarized in *Beijing Review*, Oct. 15–21, 1990, p. 28.



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*wise, and playing safe—that's what we're good at. We never wanted to be standard-bearers; we did our level best to keep out of it. But now? Why, we're all heroes! Forgive my caustic tone, but none of us, neither you nor I, and none of the intellectuals on the mainland, can avoid the shameful truth.*[29]

Yuan's is a frustrated and heartfelt criticism of the murky role many intellectuals played in the movement. Intellectuals who did commit themselves to the movement in a significant way and who had some platform for reform were, by and large, unable or unwilling to flee and were detained by the authorities.[30] This group includes, of course, Liu Xiaobo, who was denounced by the party press as the "black hand" behind the students and who, Yuan claims, is the person with the "cleanest" hands of all, and also Wang Juntao, Hu Ping's former associate and one of the most active "underground politicians" in China since the late 1970's.

It should be pointed out that during the 1989 protests, Wang Juntao and his associate Chen Ziming did attempt to influence, some would say manipulate, the movement from behind the scenes. Hu Ping's group even made this claim publicly after the massacre, perhaps in an attempt to prove their legitimate role as leaders of the overseas dissidents. By claiming a crucial importance for Wang and Chen in what was previously lauded as a "spontaneous student movement," the overseas friends and supporters of these dissidents have possibly done them considerable harm. Both Wang and Chen were summarily sentenced to 13 years imprisonment in February 1991 for allegedly engaging in sedition.[31]

Yuan Zhiming is by no means the only one who has done some soul-searching. Yan Jiaqi, another prominent dissident, has finally come to question his emotional commitment to Marxism, something which it would appear outlived his intellectual rejection of its dogmas. He admitted his change of heart when he met with Fang Lizhi in August 1990.[32] Some of the most impressive stock-taking on the record of Chinese intellectuals in the 1980's has been made by Liu Binyan. Liu, formerly a pragmatic dissident, has recently admitted complicity in the creation of the mythology about Deng Xiaoping's enlightened attitudes, and has made a number of penetrating observations about the 1989 movement, its relationship with the Democracy Wall movement of 1978–79, as well as the generally woefully inadequate role played by Chinese intellectuals in the 1980's. He points in particular to the moral failure of Chinese intellectuals, their naïve belief in wise rulers, and their inability to take independent action—the very things for which he and others were criticized in the past by such independent thinkers as Liu Xiaobo.

Ironically, the developments in Eastern Europe in late 1989 and early 1990 have strengthened the exiles' traditional Chinese confidence in moral leaders. Václav Havel in particular is seen by the Chinese, conditioned by Confucian culture, as a role model for the sage-king (*shengwang*), an intellectual leader in whom trust can be placed. It is perhaps no coincidence that among the top leaders of the community in exile is a trained philosopher (Hu Ping) and a writer who has specialized in supporting the innocent victims of oppression against an unfeeling bureaucracy (Liu Binyan)—a role played by many upright officials throughout Chinese history. In China, Liu has been dubbed "Clear-sky Liu" (Liu qingtian), a reference to the prickly but loyal officials of the feudal past. Much of what Liu Binyan has said and written in recent months has been profoundly influenced by Eastern European dissident thought.[33] Since the massacre, it has become fashionable in some circles to compare him to Václav Havel, although there is nothing in his writings with the force or depth of Havel's works.[34]

When Fang Lizhi was allowed to leave China with his wife, Li Shuxian, to "seek medical treatment" abroad, there was widespread hope within the exile community that he would assume the leadership of the democracy movement represented by the Federation—that he would help the movement regain both its momentum and moral standing. Fang has disappointed his fellow

[29]From Yuan Zhiming, "Black Hands and Standard-Bearers," *Xinwen ziyou daobao*, Jan. 20, 1990, this translation is from *New Ghosts, Old Dreams*, Geremie Barmé and Linda Jaivin, Eds., New York, Times Books, forthcoming, 1991.

[30]See the mainland scholar Wang Runsheng's comments in " 'Black Hands' in the Democracy Movement Discuss China's Intellectuals," *Cheng Ming* (Hong Kong), No. 5, 1990, pp. 31–33.

[31]See Li Yuan, "Who Was the Real 'Black Hand' on Tiananmen Square?" *Zhongguo zhi chun* (New York), No. 1, 1990, pp. 7–9; Jane Macartney, "The Students: Heroes, Pawns, or Pawn-brokers?" in George Hicks, Ed., *The Broken Mirror: China After Tiananmen*, London, Longman, 1990, pp. 3, 17–23; and Romain Franklin, "Thirteen Years in Jail for Two Tiananmen Leaders," *Libération* (Paris), Feb. 13, 1991. Also Fu Esai, "The Wang Juntao I Know," *Mingbao yuekan* (Hong Kong), No. 2, 1991, pp. 39–41, one of the few surveys available in Chinese of Wang Juntao's ideas.

[32]See "A Conversation between Fang Lizhi and Yan Jiaqi" *Zhongyang ribao* (Taipei), Aug. 16–17, 1990; also Kelly, loc. cit.

[33]See, for example, Liu Binyan, "The Changing of the Way and the Changing of Heaven—a Change of Mind and Self-reflection" *Guangchang zazhi* (Taipei), No. 6, 1990, pp. 6–11, and "We Have Overlooked the Cancer of the Soul—The Inspiration of Havel," *Minzhu Zhongguo*, Vol. 8, No. 3 (1990), pp. 7–11. Also, Xu Xing, "Grass Roots Power and Intellectuals—An Interview with the Winter Liu Binyan," *Kaifang zazhi*, No. 11, 1990, pp. 30-33.

[34]The comparison is made by Merle Goldman in her foreword to Liu's book, *China's Crisis. China's Hope: Essays from an Intellectual in Exile*, translated by Howard Goldblatt, Cambridge, MA, Harvard University Press, 1990, p. x. This volume is fairly typical of the level of political discussion among mainstream Chinese "reformist intellectuals" up to early 1989.



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exiles by devoting himself to scholarship and individual political action rather than becoming involved in any organization. Earlier in the post-Tiananmen period, Chai Ling, the woman student leader dubbed "La Pasionara" of the democracy movement by the Western press (an allusion to the legendary Dolores Ibarruri of the Spanish communist movement), failed to emerge as a leader of the overseas democracy movement when she snuck out of China in early 1990.

Among the Soviet exiles, acerbic critics such as Alexander Zinoviev, the philosopher and novelist whose *Homo Sovieticus* is a classic of its type, emerged to deflate any overly heroic self-image that other exiles might have been developing abroad. Such émigré writers as Eduard Limonov and Vassily Aksyonov have been equally biting in their fictional writings on exiles. The new Chinese exile community has produced its own relentless commentators. One of these is the poet Bei Ling (Huang Beiling). Originally from Shanghai, Bei Ling, who left China in 1988, was one of the most active members of the unofficial literary scene in Beijing during the 1980's. He was both a participant in and witness to the history of the original *Today* group of the late 1970's as well as other coteries of "underground" or *samizdat* poets, the most famous of whom must certainly be Bei Dao, a writer reportedly short-listed for the Nobel Prize for Literature in 1990. Presently working on a history of the Beijing poetic underground as a visitor at Brown University in Rhode Island, Bei Ling also writes occasional articles on literature and politics for the Chinese press in North America, Hong Kong, and Taiwan. In one of these essays, he wrote about the peculiar games being played by Chinese writers and intellectuals abroad:

*It's funny how a man whose life has been inextricably entwined with politics suddenly hides behind the label of writer and tries to keep his distance the moment he is actually required to become politically engagé. Equally strange is the fact that a "leader of the democracy movement" who has an executive position in the Federation for a Democratic China turns around and declares himself to be an intellectual who believes in liberalism. In my opinion, all of this is self-indulgent posturing; it's also the reason why so little has come of the Chinese political opposition . . . .*

*To have the best of both worlds and to show off your cleverness, that's the tradition of the Chinese literati. When a "democracy activist" in the role of a politician appears at some political occasion, he always makes a big noise about being an independent intellectual, yet when wearing the hat of an intellectual at some scholarly or cultural function, he will launch into an enthusiastic discussion of Chinese politics.*[35]

Bei Ling has been equally disturbed by the student leaders in exile. He noted that one report on Chai Ling's appearance in the West said she was welcomed by the Federation for a Democratic China as "a living Goddess of Democracy." He commented sardonically, "we've just managed to get rid of the God Mao Zedong, and here we have the democracy activists creating a new Goddess on our behalf."[36]

## The "May Fourth" Legacy

In 1989, the students demanded instant democracy as a solution to all of China's problems—ecological, educational, social, demographic, political, and cultural. Yet while all the problems were easy enough to identify, few could give form to the vague term "democracy." The intellectuals who supported the demonstrators also generally felt their sense of urgency. The rejection of tradition, however defined, and a desire for completely new "quick-fix" solutions to political and cultural problems seem to have become endemic to Chinese intellectual life.[37]

The American-based Chinese scholar Lin Yusheng has commented on the tendency among Chinese intellectuals toward "totalistic" solutions.[38] He argues that although the twisted realities of China need to be dealt with in a subtle and complex manner, some groups prefer simply to seek new totalistic paradigms in the West.[39] Reflecting, in 1989, on 20th-century Chinese intellectual life, Lin bemoaned the fact that extreme anti-traditionalism still holds wide appeal in China 70 years after the May Fourth Movement,[40] when cultural

[35]Bei Ling, "The Vulgar Talents of the Chinese Writer," *Kaifang zazhi*, No. 10, 1990, p. 92.

[36]Bei Ling, "The News: Truth and Pitfalls," Shibao zhoukan (Taipei), No. 5, 1990, pp. 12-18.

[37]See Tao Gang, "Roundabout National Salvation," *Kaifang zazhi*, No. 11, 1990, p. 80, for some recent Chinese reflections on this problem. Tao refers to certain exile groups which warn of "democracy harming the nation" and oppose the mindless and emotional pro-democracy faddism of many dissident discussions. See also Chang Hao, "In the Hope that Democracy Will Strike Root in China and the Cycle of History Will Be Broken," *Ershiyi shiji* (Hong Kong), Oct. 27, 1990.

[38]See, for example, Lin's *The Crisis of Chinese Consciousness: Radical Antitraditionalism in the May Fourth Era*, Madison, WI, The University of Wisconsin Press, 1979.

[39]For some relevant comments by Lin, see his conversation with Benjamin I. Schwartz in Lin Yusheng, *Sixiang yu renwu* (Thoughts and Personalities), Taipei, Lianjing chuban shiye gongsi, 1983, pp. 464–65.

[40]May Fourth is shorthand for that period of patriotic and intellectual upheaval that officially began on May 4, 1919, and continued into the early 1920's. During this period, China's intellectuals launched a widespread and radical attack on all Chinese cultural values.



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iconoclasm led to the complete negation of the past. "This is the tragedy of Chinese culture," he said, ". . . the May Fourth method of 'using philosophy and culture to resolve problems' has been preserved to the present day, and in a manner of speaking, has even been immensely enhanced."[41]

It was partly dissatisfaction with the pace of reform in the late 1980's that led some intellectuals to take an extremist position during the protest movement. This belongs to an intellectual habit that favors making a clean break with the past, abandoning the present system, and pushing for radical totalistic and systemic change. The Shanghai-based scholar Xu Jilin, observing this phenomenon, saw China's intellectuals as being caught in the "vicious cycle of the May Fourth." His remarks, made in early 1989, now apply with even greater urgency to the dilemmas of Chinese intellectuals both inside and outside China:

*The post-1979 intellectual enlightenment seems to have repeated the pattern of the first May Fourth. There are startling similarities between these two periods: general anxiety over the backwardness of the nation and deep-felt anguish over the premature demise of democracy. As people in both periods looked beyond the superficial aspects of the current system to delve into Chinese traditional culture, they discovered that many elements were antagonistic to modernization. The result in both cases was cultural reassessment. But as this reassessment was in itself inspired by a mood of political utilitarianism rather than a quest for knowledge, all cultural debates have invariably been tinged with an ideological hue and marked by a desire for immediate results . . . .*

*Whenever the paradigms of social and cultural systems are going through a period of renewal or change, it is inevitable that there will be a period of disorientation. The West experienced such a phase in its own recent history. However, because the cultural transformation experienced by the West was by nature spontaneous and independent, it didn't lead to a chain reaction by which the whole social, political, and economic framework was destabilized. But in China's case, the cultural crisis is part and parcel of the crisis of the society as a whole. Cultural and moral models have lost their authority and are thus powerless to ameliorate the crisis.*

*At this crucial juncture, people pin their hopes on the emergence of new, rational forces. But what they find instead is the appearance of countless disparate, irrational, and chaotic influences. Before rational elements have a chance to join into a coherent whole, the blind destructiveness of the chaotic forces may push the society toward total collapse.*[42]

Among exiles there is certainly awareness of this danger. As one scholar, trying to avoid the emotional extremism of so many of his fellows, said in mid-1990: "In the past, we embraced communism wholeheartedly; now we are prepared to abandon it lock, stock, and barrel. This is not a rational approach."[43]

Another central feature of the pursuit of the "quick fix" is what can be called the "movement mentality" (*yundong yishi*) found among mainland Chinese. As in the Soviet Union, history in communist Chinese society is delineated by party congresses, speeches, state plans, and anniversaries. But the Chinese also organize time according to political movements and government-orchestrated purges. Thus, it is not uncommon to hear people periodizing their own lives according to the timetable of political campaigns: "since the Cultural Revolution," "after the Third Plenum," "at the time of the campaign against spiritual pollution," or most recently, "since the turmoil" (if you are still in China) or "since the democracy movement" (if you are now overseas). It has been calculated that in the 41-year history of the People's Republic there has been a purge or political campaign of some sort on an average of once every two years. Reviewing the past decade, Liu Binyan has concluded that the political metabolism of the nation runs according to a two-year cycle. Therefore, he posits, something should happen in 1991.[44]

Movements, or *yundong,* form more than just a time frame; they are the basis for political and public activity in China. The central element of Mao Zedong Thought is the political purge that takes place during a movement. Even during the liberal years of the 1980's, there were constant "civil movements"—politeness campaigns, public hygiene drives, and so on—to take up the slack between the various political campaigns. As the then Party General Secretary Hu Yaobang said in 1982, "Communism is, first and foremost, a movement."[45] Ironically, in China today, movements have become the most natural form of popular political ex-

[41]Lin Yusheng et al., *Wusi: duoyuande fansi* (May Fourth: Pluralistic Reflections), Hong Kong, Sanlian chubanshe, 1989, p. 242. This translation is taken from *New Ghosts, Old Dreams.*

[42]Xu Jilin, "The Vicious Cycle of the 'May Fourth' in Modern Chinese Culture," *Wenhuibao* (Shanghai), Mar. 21, 1989. For this translation, see *New Ghosts, Old Dreams.*

[43]Hua Sheng in "Exploring a Path to the Future," *Minzhu Zhongguo,* June 1990, p. 40.

[44]Xu Xing, "Grass Roots Power and Intellectuals—An Interview with Liu Binyan," loc. cit., p. 33.



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pression for the people themselves. One reason why the 1989 protest movement attracted the support of huge numbers of people who knew exactly how to march, write slogans, draw political cartoons, and make rousing speeches was that it fulfilled the paradigm of the movement. Although the style of participation in a movement is rigidly limited and the process itself quite routinized, it is a charade with a deadly significance, a form of mass theater that can have devastating consequences. Demonstrators in the spring of 1989 were aware of the likely outcome of popular defiance; they joined in to express their own deep-seated political disaffection and release pent-up emotion.[46]

During the 1989 movement, there were those who cautioned against both the governments' and the students' lines: they advised a break from the vicious circle of the movement mentality. Liu Xiaobo was one of the few participants in the protest who tried to push it toward internal democratization, and who criticized the anti-government slogans and the increasingly hate-filled rhetoric on the square. There were also those within the government who sought a peaceful solution to the crisis by agitating for an emergency session of the National People's Congress following the declaration of martial law on May 20, in the hope that the Li Peng government could be censured or removed by constitutional means.[47] Another voice was that of Dai Qing, a journalist, and an ex–Red Guard. She warned the students after they began a mass hunger strike in mid-May that they were now merely pawns in an internal party struggle. She was detained by the authorities for her trouble. In her prison memoir, "My Imprisonment," published in Hong Kong in May 1990, shortly after her release, Dai recorded her attitude, which reflected what is probably a widespread if conservative view on the mainland, a view that sees chaos or disorder (*luan*) as still being the greatest threat to the nation:

*I'm quite against "overthrowing" anything. My thinking on this subject was clarified by the late [historian] Li Shu.*[48] *When I interviewed him [in 1986], he said something that sent a wave of delight through me. "If at all possible, it is best to avoid revolutions altogether." . . . The present debate [since 1988] has been mass democracy and enlightened dictatorship. If I must be classified, then I suppose I belong to the group in favor of the latter . . . but my evaluation of China's present autocrats has certainly been no more flattering than that of the advocates of mass democracy; in fact, I often appeared more forthright in my criticisms than they. But I feel that revolution (that is, overthrowing [a system]) is far more fear-inspiring than maintaining the present political order, and the damage it would cause to China would be far greater.*[49]

These voices were ignored at the time and have been since dismissed for their lack of ardor—the more emotional figures have been the ones who have achieved notoriety, from "intellectual leaders" such as Yan Jiaqi and Bao Zunxin to histrionic-prone agitators such as Wuer Kaixi and Chai Ling.

Despite his recent myopic political approach, He Xin has been a perceptive observer of the abiding "movement mentality" of Chinese intellectuals. In 1988, he wrote:

*The Chinese seem to be at the same time both an aged and immature people.*

*In terms of its history and culture, China is a senile nation, yet in terms of political wisdom and civilized behavior, it is immature . . . . Immaturity expresses itself in one particular way: there are always those people who are all too willing to get emotionally carried away and become instigators. Some of them calculate that by so doing they can get some personal advantage, become political activists, for example, and attain a prominent political position. But the tragedy is that there are always spectators aplenty who are all too willing to get worked up, and this is what*

[45]See Hu's report to the 12th Congress of the Central Committee of the Communist Party of China, made on Sept. 8, 1982, published as a booklet entitled *Quanmian kaichuang shehuizhuyi xiandaihua jianshede xinjumian* (Start a New Phase in the Construction of Socialist Modernization), Beijing, Renmin chubanshe, 1982, p. 24.

[46]The significance of this has been studied by Lucien W. Pye, who talks of the compulsiveness of Chinese behavior, the fear of inaction, and the role of revenge. See Pye, *The Spirit of Chinese Politics: A Psychocultural Study of the Authority Crisis in Political Development*, Cambridge, MA, The MIT Press, 1968, pp. 135–37; and the chapter "Organizational Behavior and the Martial Spirit" in this book. Also see Pye's "Tiananmen and the Chinese Political Culture: The Escalation of Confrontation," in Hicks, op. cit., pp. 162–79.

[47]A number of prominent supporters of this proposal, like Hu Jiwei and Cao Siyuan, are still in China.

[48]Li Shu was a party propagandist and hack historian who, following the Cultural Revolution, became a leading figure in the liberalization of historical studies. He died in December 1988.

[49]Dai Qing, *Wode ruyu* (My Imprisonment), Hong Kong, Mingbao chubanshe, 1990, p. 42. The debate on gradual transformation as opposed to sudden and totalistic change has been going on since the late Qing dynasty. Hu Shi, a leading intellectual figure from the 1920's who was trained in the US and who was active in the "human rights faction" (*renquanpai*) at the time, proposed a kind of "kindergarten democracy" during one period of authoritarian KMT rule in the 1930's which is not that different from the essence of proposed democratic reforms in the 1980's. See Andrew J. Nathan, *Chinese Democracy: The Individual and the State in Twentieth-Century China*, London, I. B. Tauris & Co., Ltd. 1986, pp. 130–31. It is interesting to note that Fang Lizhi and Dai Qing both read Hu Shi's writings during their respective confinements after June 4, 1989.



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*leads to one "craze" after another—frenzied activities related to politics and ideology or some form of economic Great Leap Forward. The most quintessential expression of this type of frenzy is the "movement" (*yundong*), including movements that are not so called, for they occur time and again. For decades now, Chinese society has been caught up in a cycle of repeated movements.*[50]

In the post-Tiananmen period, many in exile have attempted to keep the "movement mentality" alive. Others, like Hu Ping, have recognized the dangers of this attitude, for its logical conclusion is now said to be violence.[51] But there is a fine line between the defiant, peaceful anti-government "activities" (*huodong*) advocated by Hu's organization, the Democracy Alliance—for example, the abortive farce of the "Goddess of Democracy" pirate radio station—and a "movement" (*yundong*), especially as the aim of the "activities" is to spark civil protest. However, sudden change, violence, and even revolution—especially since the example of the Romanian rebellion of December 1989—continues to be a source of inspiration for certain exiles. Drastic action has attractions lacking in a rational and phlegmatic approach such as that advocated by Hu and leaders of the Federation. Serious change, the adoption of a democratic outlook and institutions, and the learning of new political habits take time and effort; movements alone offer the "quick fix" to which so many are still addicted.

There are, of course, many in China who oppose the quick-fix strategy and argue for the maintenance of the Chinese communist system. One of the most interesting apologias for Marxism—the abbreviation in China today for Marxism-Leninism, Mao Zedong Thought, and Deng Xiaoping's speeches on building socialism with Chinese characteristics—was made by He Xin in an interview he gave in late 1989. In contrast to official pronouncements on the relevance of the prevailing political dogma, which stressed that it was the "historical choice" of the Chinese nation, the only system that can possibly work in China, and so on, He Xin argues for Marxism entirely in terms of the present political and social status quo. He says:

*In China, Marxism is not just an academic school, it is the political bedrock of the nation, it is the spiritual pillar that binds together the morals, ethics, and beliefs, the value system of hundreds of millions of people. It is the spiritual source for social cohesion and action. It is the ideological guarantee for social stability and peace. In a massively populated country like China, where there is such a disparity and complexity in attitudes and even languages, a country in which there is no other belief system or religious authority with which to replace Marxism, if it were to be downgraded to the point of being merely one school among many (let alone rejected altogether), it would without doubt announce the dawn of massive social unrest.*[52]

These remarks on the necessity of using Marxism as a state religion, on the necessity of warding off the pernicious influence of Western bourgeois liberalism, are significant for their bare-faced and crude honesty, especially since they come from a man who dubs himself not a conservative but a "neo-reformer" (*xingaigepai*). Reflecting on the collapse of China's Confucian orthodoxy a century ago, one cannot help recalling the attempts of the erstwhile reformer Kang Youwei to establish a Confucian religion (*Kongjiao*) in the 1910's to act both as a state ideology and a bulwark against the corrosive incursions of Christianity and the mercantile spirit of the West.[53]

## Eastern Europe's Impact on China

The impact of Eastern Europe on China has been complex. This has been true since the early 1980's, when the specter of a Chinese version of Solidarity was first used in internal debates as a key argument in favor of ideological vigilance as well as against more than cosmetic political reforms.[54] More recently, the fall and execution in December 1989 of Nicolae Ceauşescu, a staunch ally of the Chinese party, stunned the Chinese leadership. While the Chinese people celebrated the developments in Romania in gatherings disguised as Christmas parties, the government doubled the guard on important state and party offices.

The little news of developments in the former Soviet bloc that gets through to China is eagerly followed by released activists and others. And while the Chinese press reports developments in the Soviet Union and Eastern Europe in terse, factual terms, it is widely be-

[50]He Xin, "A Contemporary Chinese Cultural *Aide-memoire*—My Perplexities and Concerns," *Jingjixue zhoubao* (Beijing), Jan. 8. 1989.

[51]Hu Ping, "Rebuild Faith in Non-Violent Stuggle," *Zhongguo zhi chun*, No. 10, 1990, pp. 16–22.

[52]Wu Huijing and Fu Wen, "Stern Reflection on the Chaos of 1989—talking with He Xin," *Zhongguo qingnianbao* (Beijing), Dec. 6, 1989; quoted in He Xin, "Letter from Beijing," translated and annotated by G. Barmé in *The Australian Journal of Chinese Affairs* (Canberra), No. 24, July 1990, pp. 342–43.

[53]See Wing-tsit Chan, *Religious Trends in Modern China*, New York, Columbia University Press, 1953, pp. 5–8.



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lieved that the leadership is assiduously following and analyzing developments in the cradle of Marxist-Leninist rule. Every detail of chaos and disunity in the Soviet Union is to the Chinese party leaders like a heaven-sent vindication of their rigidity, and the tumult in the satellite states is brushed aside as symptomatic of the decay of the "socialist-imperialist" Soviet empire. CCP leaders are nonetheless painfully aware of the direct relevance of changes in the Soviet Union to their situation in China.

In February 1991, it was reported in Hong Kong that Deng Xiaoping had made the following remark about the situation in the Soviet Union: "We can't denounce [their] New Thinking. The Soviets are different from Eastern Europe, they still want socialism. We should be understanding of Gorbachev's present difficulties. We can't shoulder the banner of socialism [alone], it's too heavy." In transmitting these oracular utterances to members of the Chinese Politburo, General Secretary Jiang Zemin is said to have observed: "If they [the Soviets] have to resort to political dictatorship to prevent national collapse, we can handle that, no problem."[55]

Partially in response to events in Eastern Europe, a major new television series overseen by Deng Liqun, a senior Maoist propagandist close to Deng Xiaoping, has been produced by the Propaganda Department of the CCP and the People's Liberation Army. China Central Television broadcast the series, "On the Road: A Century of Marxism" (*Shijixing: Sixiang jiben yuanze zonghengtan*), in early August 1990. The full text of the narration was first printed in the national press and then issued in book form with considerable fanfare in mid-November. It is a four-part documentary which provides a historical justification for Marxism-Leninism and Mao Zedong Thought. It attempts to explain, using a Chinese-style dialectic, why, given that the Chinese people chose the party in the late 1940's, they do not have the right to change their minds. The end of the last episode of "On the Road" also provides a rebuttal of the "velvet revolutions" of Eastern Europe and Western prognostications for socialism in general. Over images of the Berlin Wall being knocked down the narrator declares:

*As the 20th century draws to a close, socialism is faced with a serious test. Western politicians see a bloodless victory coming in 1999, and have gone so far as to predict that socialism will be "routed." But aren't they a little premature . . . ? After all, socialism has always marched forward despite all their curses!*[56]

In China, the official line on intellectuals, recast at numbing length by Party General Secretary Jiang Zemin in a speech on the subject in May 1990, is that they are still regarded as "part of the working class." While engaged in "mental production," their duty remains to transform their world view and, overcoming the negative influences of Western ideology and values, to appreciate the unique situation of China and put the interests of the nation first. Equally, it is their responsibility to be patriotic for, as Jiang says, "in contemporary China, patriotism and socialism are in their nature indistinguishable." By "logical" extension, bourgeois liberalization, which according to Deng Xiaoping's definition, is to "revere the 'democracy' and 'freedom' of Western bourgeois countries"—is a "reaction against patriotism and socialism and will only lead China into darkness and retrogression." Jiang says that China's intellectuals must play a key role in "providing a theoretical basis and an atmosphere of public opinion" for the party to carry out its Sisyphean task of continuing the struggle against bourgeois liberalization while pursuing the policy of the open door and reform.[57]

Dai Qing, is the only dissident left on the mainland who has been able to point out in public the abiding contradiction of Chinese political life that is implied in this rhetoric, namely, the contradiction between the "struggle against bourgeois liberalization" and the policy of the open door and reform. In "My Imprisonment," she comments on the impossible situation into which the leaders put themselves when they initiated the post-June purge:

*Their position reflected the burdens [of the heads of the security and judicial organs] in this "preliminary phase of socialism." Their dilemma was obvious: on the one hand, they could not free themselves from the past; on the other, they had no alternative but to move ahead. The situation is not unlike that of a doctor confronted with a premature baby. What are you supposed to do: cut the umbilical cord and hope you can get it to cry, or do you check that its arms and legs are all fully developed and if not completely de-*

[54]References to the threat of Solidarity can be found in a number of places in Deng Xiaoping's *Selected Writings*. The point about Solidarity is made again by Liu Binyan in Xu Xing, "Grass Roots Power and Intellectuals—An Interview with the writer Liu Binyan," loc. cit., p. 31.

[55]For these quotations, see "Deng Xiaping's Five Opinions," *Kaifang zazhi*, No. 2, 1991, pp. 10-11.

[56]See G. Barmé, " 'Road' versus 'River,' " *Far Eastern Economic Review* (Hong Kong), Oct. 25, 1990, p. 32.

[57]See Jiang Zemin, "Patriotism and the Mission of Our Intellectuals—a speech given at a meeting held by the young people of the capital to commemorate May Fourth, May 3, 1990," published in *Renmin Ribao*, May 4, 1990.



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*veloped, then try and shove it back inside the mother's womb?*

*The whole nation, in fact, the whole world is watching them. The military leaders, bodies scarred by battle wounds, men who think "we built this empire; we are not going to let the bourgeoisie take it away from us"—they too are watching them. The young people of China are also watching as a new international scene develops. They know that China can't afford to get it wrong again. And just as they [the leaders] were weighing things up, trying to calculate just how to interpret the "Criminal Code" in terms of "China's peculiarities," the enraged people of Romania did away with Ceauşescu and his wife.*

*. . . If only Messrs. Deng Xiaoping, Jiang Zemin, and Li Peng had not repeatedly emphasized the centrality of the open door and reform policies; if only Mr. Qiao Shi [Politburo security chief] had not made such a point of taking extreme care to carry out investigations according to the law . . . then things would have been so much easier to deal with.*[58]

Unfortunately, Dai Qing's caustic account, unpublishable in mainland China, has been generally dismissed overseas as the work of a "collaborator." As the adopted daughter of Marshal Ye Jianying, one of the founders of the People's Republic, and a former employee of army intelligence, she is still regarded with deep suspicion by many fellow intellectuals, despite the fact that in the late 1980's, she became one of the most outspoken critics of the system.[59]

The suspicion is mutual, however. Discussing her work and political fate in Beijing in August 1990, Dai Qing called attention to the promiscuous use of the word "intellectual" in discourse among the Chinese themselves as well as among observers of China. She reminds us that a majority of Chinese who enjoy the label "intellectual" are merely "educated people" with technical skills and none of the tradition of dissent and independent intellectual activity common in the West. Dai likens them to Vulcan, the god ordered by Jupiter to make the chains that bound Prometheus. "They are as loyal as you could want and carry out their tasks with admirable skill, be it to launch missiles or build atom bombs."[60]

The protest movement of 1989 and the Beijing massacre of June 4 are often seen as a turning point with regard to attitudes among intellectuals toward the party system. With party legitimacy supposedly shaken to its foundations by the massacre, intellectuals both in China and in exile are generally said to be looking beyond the Communist/Confucian paradigm of Vulcan/mandarin. But this opinion may be highly questionable. Dai Qing, for one, does not see the system as having run its course, nor can she envisage any sudden movement-inspired change that would necessarily be beneficial to the country. She says that many people in the capital still hope for a national renewal led either by the party or the army; they spend their time speculating: "Which of the arse-lickers in power now might one day turn into a Gorbachev?"[61] Given recent developments in the Soviet Union, a Chinese Gorbachev would perhaps be expected to be an enlightened reformist autocrat with army support.

## Intellectuals In China Today

As long as bravado is the basis for all official propaganda, it is impossible to evaluate the level of intellectual debate and civil disobedience within China today. It would be easy, indeed it is even fashionable, to say that the intellectual scene has been obliterated by the post-June purge and to predict that any worthwhile new culture must come from overseas. This certainly seemed true in the second half of 1989 and the first months of 1990. More recently, however, the inability or unwillingness of the government to carry out a consistent, ideologically-based purge has led to a limited, cautious revival of intellectual life in China.

It is also important to remember that even at the height of the repression, pointed political fiction appeared in major journals and satirical poetry and essays found their way into print. A new unofficial poetry magazine, prefaced with an essay in which the editors declared their stance of extreme alienation and internal exile, appeared in the south of China during the spring of 1990, and over the summer, an iconoclastic underground rock video clip was made in Guangzhou to accompany Xie Chengqiang's song "What's the 90's Gonna Bring?"[62] In August 1990, the leading Beijing journal, *Dushu* (Reading), held its first monthly gather-

[58]Dai Qing, loc. cit., pp. 38, 39–40.

[59]After June 4, 1989, she stayed in Beijing, and in late 1989, her name was briefly included on an execution list along with that of Liu Xiaobo. Among her many controversial works, Dai's studies of the party's history of intellectual repression in the 1940's (the Wang Shiwei case in Yan'an) and 1950's (the fate of the liberal Chu Anping, a student of Harold Laski) are the most extraordinary. She is one of the very few contemporary mainland writers who has attempted to reveal the historical origins and nature of the party's manipulation of intellectuals.

[60]From an interview given to the author at Tongyu Village in the northwest of Peking on Aug. 20, 1990. In his book, *China's Crisis, China's Hope*, Liu Binyan uses the general Chinese definition of intellectuals as "anyone who has received advanced schooling or achieved a comparatively high cultural level" The subtitle of his book describes his collected lectures as "essays from an intellectual in exile."

[61]Tongyu interview, Aug. 20, 1990.



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ing since the massacre. No speeches were made, but contributors to the magazine gathered to chat with each other, drink Coca Cola, and eat limp sandwiches at the Reform and Openness Club on Zhugan Alley near the center of the city. Although threatened during every purge in the 1980's, the magazine has always managed to continue publication, in large part because of the dexterous maneuvering of its editors. Rumor now holds that the magazine, formerly a major forum for reformist debate, has been spared because ideologues such as Xu Weicheng, a former Cultural Revolution propagandist who is now vice-minister of the party's Propaganda Department, wants to use it as "a window to see what the enemy is up to." To survive for such a purpose is a chilling prospect, yet the magazine still manages to be lively and readable, often printing articles that seem to border on the heterodox.

One of the regular contributors to the pages of *Dushu* is Wang Meng, a leading "reformist" novelist and former minister of culture (1986–89). Wang Meng was permitted to quit his position during the campaign against bourgeois liberalization that began in September 1989 and was replaced by the elderly cultural bureaucrat, He Jingzhi. But, instead of slipping into obscurity, Wang has remained active. Although the literary press now denounces the policies he pursued when in power—cultural pluralism and tolerance—it has never attacked him directly; his detractors attack the pen name Yang Yu (literally "sun shower") under which Wang had published his views. This is a typical form of Chinese political shadow-boxing. Wang continues to write and publish on safe literary topics, the modern equivalent of what in traditional times would have been a retreat to the countryside from the court to paint and compose poetry for one's intimates. Wang's actions indicate a refusal to accept his defeat in silence.

Some intellectuals in exile, such as Jin Guantao (Hong Kong) and Gan Yang (US), now both members of the editorial board of *Twenty-First Century*, formerly were editors of major book series that continued the work of the May Fourth period by introducing either in summary form or in translation major Western works in every field of intellectual endeavor. This publishing enterprise still has not been brought to an end within China despite official attacks on Freud and Nietzsche as intellectual *bêtes noires*. China's large and active internal publishing industry continues to introduce many readers to heterodox works, just as it did during the days of the Cultural Revolution. Indeed, such publications have a much wider audience now than previously. Given the government's conviction that to defeat the enemy one has to know him, important publications continue to appear. Nonetheless, the cultural and intellectual purge begun in summer 1989 continues in fits and starts. New attacks on intellectual and cultural freedom that pinpointed certain works and writers were published after the Asian Games in October 1990, indicating a renewed effort to negate the liberal influences that gained a foothold in the mid-1980's.[63] Meanwhile, television soap operas like the wildly successful "Expectations" (*Kewang*), screened from December 1990, gain nationwide audiences with a mixture of nostalgia and melodrama, shunning the "main themes" of socialist culture vaunted by propagandists: revolutionary heroism and class struggle.

There have also been signs of popular political activism in China. The three quixotic Tiananmen activists —Taiwan-born pop singer Hou Dejian; Zhou Duo, formerly of the Stone Company and an associate of Wan Runnan; and Gao Xin, a university teacher, who joined Liu Xiaobo in his hunger strike on June 2, just before the massacre—have been among the most active. After June 4, Hou took refuge for several weeks in the Australian Embassy until the government assured him no action would be taken against him. Gao Xin was jailed but released in December, and Zhou, also jailed, was released in early May 1990. Beginning in late December 1989, Hou became the sole audible voice of protest in Beijing, speaking frequently to the foreign press about the massacre and the state of affairs in China. In late May 1990, shortly after Zhou's release, all three activists wrote a petition to the government in which they appealed for restraint and the release of political prisoners, including Liu Xiaobo, who was detained on June 6, 1989. They reiterated the line they had adopted with Liu Xiaobo during the student movement, that is, "rationalism, tolerance, and nonviolence." They said:

*Our greatest concern is how to bring an end to hate, violence, and confrontation. When will there be an end to the ceaseless violent revolutions that define*

[62]Linda Jaivin, "It's Only Rock'n Roll, but China Likes It," *Asian Wall Street Journal* (Hong Kong), Oct. 12–13, 1990. Although the clip could not be screened on Guangzhou television, it was broadcast in Hong Kong and could therefore be picked up by viewers in southern Guangdong, including Guangzhou.

[63]An important example is the long and rabid attack on the play "WM" (*Women*—"We"), a work by the army playwright Wang Peigong staged in 1985, which deals with the existential dilemmas of ex–Red Guards in the 1980's. The attack is a pretext to denounce the tolerant cultural policies of Hu Yaobang and Hu Qili of 1985–86. See Yi Ming, "All About the 'WM' Disturbance," *Wenyibao* (Beijing), Oct. 13, 1990, pp. 5, 7. Wang Peigong was active during the protest movement and was arrested for allegedly helping student leaders flee the mainland.



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*the blood- and tear-stained history of our nation?*

*At the very time that the majority of socialist countries have been peacefully engaging in basic social reforms, the people of China have experienced the most bitterly silent and repressed year of the open door and reform decade. . . .*[64]

Even before this petition could be officially released, Hou and the others were detained by the authorities. While Zhou Duo and Gao Xin were eventually released with a warning, Hou was "exiled" back to Taiwan on a fishing boat, where he was prosecuted by the Kuomintang government for illegal entry! In late 1990, Liu Binyan, having recently discovered the tactics of Charter 77, praised Hou's action a number of times and remarked that it marks a significant departure from the cowed silence that is the typical response of Chinese intellectuals to oppression.[65]

While this group of three has been silenced, many of the numerous dissident intellectuals who remained in China (and they far outnumber those who left) are resurfacing. These include the elderly Shanghai writer Wang Ruowang, one of Deng Xiaoping's most acerbic public critics. Wang was first purged from the party along with Fang Lizhi and Liu Binyan in early 1987. In April 1989, he was jailed after submitting a devastating petition to Deng. He was released in November 1990, after nearly 18 months in detention.[66] One of the most positive things the groups overseas may have achieved is to have kept up pressure on foreign governments to call for the release of figures like Wang.

## The Dilemmas of Returning

The increased amount of talk among some exiles in recent months about a return to China, points up the ambivalence many of them feel about the protest movement and their exile. Whereas an exiled writer or thinker may get an enthusiastic welcome in the Soviet Union —even if he chooses not to stay—in China, an exile's return is rarely ever welcomed. *Zhao an*—the classical Chinese expression for the subversion or co-opting of rebel leaders through promises of personal safety, amnesty and so on, which can be translated as "being pacified"—is the term most commonly used in Chinese when referring to a form of reconciliation. As Lee Yee, the editor-in-chief of *The Nineties Monthly*, remarked in October, many of the famous are actually "waiting for 'pacification' or even a change in the political climate on the mainland, and are therefore unwilling to make an effort to study the language of their new home, or go to university . . . to try to make a future for themselves."[67]

*Chinese dissident Liu Xiaobo.*

And while some may dream of playing the role of, say, Václav Havel or even Lenin back in China, given the present situation, the more relevant paradigm may be that of the intellectuals who returned to the mainland in the 1950's. Although most were employed, they were subjected to demeaning surveillance and lived under a cloud of suspicion throughout their careers.

The Chinese government, having learnt from its past mistakes, has been careful not to persecute the families of famous exiles; it hopes they can ultimately be pacified, or at least mollified. One literary figure in America has, in his absence, even been given a raise and a new apartment back in China. Another exiled literatus, while continuing to write satirical feuilletons against the party under a pen name in the Hong Kong press, enjoys an increasing number of contacts with the Chinese embassy in his country of exile as he waits for his new passport.

The issue of rehabilitation—when, how, and by whom the June massacre and even the 1989 protest movement itself will be officially reevaluated and their victims rehabilitated—are questions people both inside and

[64]See Hou Dejian, *Houtouzi zheng* (The True Story of a Troublemaker), Taipei, Lianjing chuban shiye gongsi, 1990, pp. 261–62.

[65]For Liu's latest comments on this, see Xu Xing, "Grass Roots Power and Intellectuals—An Interview with the Writer Liu Binyan," loc. cit., p. 33.

[66]For a sample of Wang's views, see G. Barmé and John Minford, Eds., *Seeds of Fire: Chinese Voices of Conscience*, New York, Noonday Press, 1989, 3rd ed., pp. 361–67. A translation of his 1989 petition appears in *New Ghosts, Old Dreams*.

[67]Lee Yee, "The Dilemmas of the June 4th Exiles," loc. cit., p. 33.



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outside China find of vital interest.[68] People scrutinize speeches and editorials in the official press for any hint of a change of tone in discussions of the events of 1989. The terminology used by the leaders is subjected to intense scrutiny that would be worthy of veteran Kremlinologists.

People have noticed that from late 1989, there has been a gradual shift in official descriptions of the movement. First it was the "turmoil which led to a counter-revolutionary rebellion," then it was the "disturbance that occurred between spring and summer." The actual massacre of demonstrators on June 3–4 has gone from being described as "quelling the counter-revolutionary riot" to the neutral "June Fourth incident." Just as new terminology is carefully evaluated, any return to earlier terminology is avidly noted and weighed by people in China and in exile. Leaders who have not referred to the incident at all are immediately pegged as future "reformers" or "pragmatists," and hopes for rehabilitation after the death of one or a number of the gerontocrats are pinned on them.[69]

The hope for an official rehabilitation of the activists and the movement of 1989 is the thing that unites the largest number of Chinese intellectuals—both those on the mainland and those overseas. They share a belief that an official "overturning of the verdict" (*fan'an*) on this historical incident is crucial to China's social and political unity. This may augur well for the Chinese Communist Party—after all, for people to believe that the party's evaluation of the events is crucial and meaningful indicates that there is a general acceptance of the party's legitimacy and future role as a leading force. For that reason, however, it perhaps is also an indication of how little was achieved by a movement now spoken of by exiles as being aimed at changing the nature of Chinese politics, and of how shallow the rhetoric was.

Even while the 1989 movement was in full swing, Liu Xiaobo foresaw this development. In a pamphlet, he warned the demonstrators of the dangers of agitating for official rehabilitation—demanding the government call the movement a "patriotic student movement" instead of "political turmoil"—which he called "an abnormal and twisted phenomenon in (contemporary) Chinese history." He decried the "right to rehabilitate" as yet another form of party "privilege," a means by which the party maintained its own image and ensured the loyalty of its subjects. He argued that the students' plea for rehabilitation was an acknowledgment of the government's role as the ultimate political and historical arbiter in China. "As long as the concept of rehabilitation exists," he said, "there is no chance for democracy and the rule of law in China."[70] Indeed, despite the hue and cry over the lack of authority of the party in the last 18 months, the general recognition among intellectuals of "rehabilitation" as a party prerogative amounts to a de facto recognition of its political legitimacy, not to mention its police might.

A number of figures on the mainland hold that certain leading exiles should now negotiate their return to China rather than wait to be rehabilitated. Now that the fate of the majority of intellectuals and students detained in Beijing after June 4 is known, a number of exiles fear if they stay away too long they may be written out of the Chinese political equation altogether. Particularly those released from detention in May 1990 think that the government strategy of presenting a face of stability and order to the outside world and the attempts by some factions to mollify public opinion and intellectuals in China should be manipulated by exiles to their own advantage. They believe exiles could demand that the government withdraw their arrest warrants and ensure their personal safety on their return to China. It is argued that dissidents who had remained behind could once again form pressure groups and continue the struggle for political and other freedoms. It is a risky strategy, but international fame can act as protection for outspoken individuals. Others in Beijing feel that Fang Lizhi and Li Shuxian could have confounded the government policy to rid itself of opponents by exiling them (as in the case of Hou Dejian) or jailing them. They speculate about the confusion among the leaders that the couple would have caused if they had, after the agreement between the US and China was reached, decided at the last minute to stay in Beijing and fight for their rights.

Recalling Yuan Zhiming's comments advising people to ignore the intellectuals next time around, one must question just how much of a role independent intellectuals, especially those now overseas, can really play in events in China.[71] In terms of political legitimacy, jailed activists such as Wang Juntao and Chen Zi-

[68]See Robert Delfs, "Thought Control," *Far Eastern Economic Review*, Nov. 8, 1990, p. 19, for a recent comment on the heated debate within the Chinese leadership concerning rehabilitation.

[69]For an elucidating study of the nature of the shifting sands of Chinese political alliances, see Andrew J. Nathan's essay "A Factionalism Model for CCP Politics," in *China's Crisis: Dilemmas for Reform and Prospects for Democracy*, New York, Columbia University Press, 1990, pp. 23–37.

[70]For these quotations, see Liu Xiaobo, "Rehabilitation! China's Greatest Tragedy," in *Lianhebao*, Ed., *Tiananmen 1989*, Taipei, Lianjing chuban shiye gongsi, 1989, p. 277. Aleksandr Yakovlev's comments on rehabilitation made in August 1990 are of some interest in this context. See Julia Wishnevsky and Elizabeth Teague, "Aleksandr Yakovlev Speaks of 'Act of Repentance'," Radio Liberty, *Report on the USSR* (Munich), Sept. 21, 1990, pp. 8–9. The difference, of course, is that Yakovlev was a member of Mikhail Gorbachev's Presidential Council and a former Politburo member.

[71]In recent months, Yuan's own position on the role of intellectuals has shifted, and he has come to see "new authoritarianism" as being the key to political reform in China.



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ming, both lauded by Hu Ping's group in America as the true backstage manipulators of the events of spring 1989, as well as the major agitators for political reform in the late 1980's, may have both the political talents and the moral legitimacy to have influence in the future. But if Chinese history is any guide, it is doubtful that intellectuals will ever have a chance to play more than a subordinate, even subservient, role in the country's political life, unless the system itself is fundamentally altered. Thus, I would tend to agree with one Chinese writer who describes the future possibilities in the following bleak terms:

*No matter what happens, the mutual disdain with which the exiles and the power-holders regard each other cannot easily be overcome. There are only two possible scenarios in the near future. One is that there is a dramatic change on the mainland and everything is turned on its head. In that case, the exiles will pack up and head off home. But even then, they will no longer be the main players on the stage of history. Their return will be celebrated for a moment, and then their luster will fade and disappear.*

*The other possibility is that the party will make some necessary concessions, do something to salve popular resentment, thereby extending its lease on life. This will not involve forgiveness for the exiles, and people on the mainland will gradually forget about them. With the passing of time, the exiles will gradually be lost in the crowd, ending their days in obscurity. They will be able to spend their last years living in a free and democratic society, but it is not theirs, for others have made the sacrifices that built it.*[72]

[72]Ou Lu, loc. cit., p. 77. Chen Yizi (op. cit., pp. 119–211) offers a number of commonly discussed scenarios.



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# The Inspiration of New York: Meditations of an Iconoclast

**Liu Xiaobo**

**—Translated by Geremie Barmé**

## On Liu Xiaobo

Liu Xiaobo is an academic in his mid-thirties. Raised in the northeast part of China, Liu first came to prominence in Beijing in 1986 when he was still writing his doctoral dissertation in philosophy. Throughout the late 1980's, he publicly decried the prevalent smug self-satisfaction about the cultural achievements that had been attained since the Cultural Revolution. He was one of the first members of a younger generation of intellectuals to argue publicly that the Chinese culture was in deep crisis and that none of the established figures—writers, scholars, or critics—had faced up to the fact. Liu virulently criticized the traditional role of intellectuals in China; he somewhat simplistically equated the "communized" intellectuals of the post-1949 period with the literati and court scholars of imperial times. His acerbic critique, however, extended to contemporary intellectuals and literary figures of whom he became increasingly dismissive. He spared neither the establishment nor the cultural underground in his numerous speeches at forums and universities.[1] He offended people across the political spectrum but gained an enthusiastic following among university students.

In August 1988, Liu made his first trip overseas. He initially accepted an invitation to go to Norway to give a series of lectures at the University of Oslo and to attend an academic conference. Three months later he was invited to the United States. During his stay in both Europe and the United States (Honolulu and New York), he moved away from his narrower literary concerns and began writing prolifically on Chinese politics. One of the essays he wrote during this time, *Contemporary Chinese Politics and Chinese Intellectuals,* was serialized in the Hong Kong publication *Cheng Ming* in 1989–90 and published in Taiwan as a book in mid-1990.[2] The essay published here is the postscript to that work. It was written shortly before Liu became involved in the protest movement in early May 1989.[3]

Liu's stay in the West unsettled him deeply. As this essay shows, it helped inspire him to move from the nihilistic acerbity of his earlier work toward a more profound and self-critical reflection on the broader issues facing China today. He also became convinced that only through action and sacrifice could a Chinese intellectual find redemption for the "sin" of his or her silent complicity in party rule.

Liu was outraged by the fawning posturing of some of China's most prominent "intellectual dissidents" when former Party General Secretary Hu Yaobang died on April 15, 1989, an event that led directly to the protest movement. Liu wrote: "The depth of sincerity of emotion [among the intellectuals mourning Hu's passing] is redolent with an air of servitude normally seen only in the relationship between loyal mandarins and their emperor." He noted ironically that those who were mourning "had always been extremely grateful to Hu for the way, directly and indirectly, he used his position and power to protect them or allow them greater freedom of speech. What developed was the ideal relationship between an enlightened ruler and his enlightened thinkers . . . a mutually beneficial relationship." Liu concluded by declaring that "either you

[1]For some of his comments in 1986, see Geremie Barmé and John Minford, Eds., *Seeds of Fire,* New York, Noonday, 1989, pp. 395–97.

[2]Liu Xiaobo, *Zhongguo dangdai zhengzhi yu Zhongguo zhishifenzi* (Contemporary Chinese Politics and Chinese Intellectuals), Taipei, Tangshan chubanshe, 1990.

[3]This translation of the postscript is of the version that appeared in the Hong Kong *Ming Pao Monthly* in July 1990.



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go back and take part in the student movement, or you should stop talking about it."[4] He cut short his stay in America and returned to China.

I have written elsewhere in detail about Liu's involvement in the protest movement and its significance.[5] He was highly critical of the movement for following the same, tired pattern of political agitation common in China since the 1910's—a period of street marches, sloganeering, and popular enthusiasm, invariably followed by exhaustion, silence, and despair. Nonetheless, he believed it important to support the protesters and to stand by them. The concept of personal guilt and the need for redemption that has been a feature of Liu's recent thinking informed his actions during the movement. Apart from providing logistic support for the students, he also wrote a number of *samizdat* pamphlets, which are among the most sophisticated works of the period. These include a discussion of the possibilities for a civil transformation of Chinese political life ("Our Suggestions") and an insightful critique of the weaknesses of the student movement and his thoughts on the role of intellectuals in campaigns of civil disobedience ("June 2 Hunger Strike Proclamation").[6]

The hunger strike Liu Xiaobo led on June 2 in support of the students occupying Tiananmen Square was brought to an abrupt end in the early hours of June 4 as the Chinese army crushed the six-week old protest movement with devastating violence. Liu joined his fellow hunger-strikers—Hou Dejian, Zhou Duo, and Gao Xin—in helping negotiate a peaceful withdrawal of the remaining students from the center of the square. He was detained by plainclothes policemen on June 6. Following the Beijing massacre, the Chinese government denounced Liu Xiaobo as an "instigator of turmoil" along with Fang Lizhi and the "River Elegy" group (led by Su Xiaokang). He was also accused of links with Hu Ping and the Chinese Democratic Alliance in the United States, and of being their agent in Beijing. (In the United States, he had certainly met Hu Ping and his fellow dissidents, but he had actually distanced himself from the Alliance, wary of its endless factional strife.) Liu was formally charged in late 1990 and tried in January 1991. Although the court found him guilty of "counter-revolutionary propaganda and instigation," and of "attempting to overthrow the people's government and the socialist system,"[7] it ordered his release in view of his efforts to get the students to leave Tiananmen Square on the morning of June 4. In late January, Liu's friends reported that he had been allowed to return to Dalian, his home, in the custody of his father.

Chinese government criticism of Liu, which continued until as recently as December 1990, has concentrated above all on his "national nihilism," something for which earlier critics, many of whom are now in exile themselves, have also condemned him. Such labels have always been standard issue for dissident intellectuals in the socialist world. The following essay can be read as Liu's reply to these accusations. It is a succinct, if abstract, meditation on the question of nationalism, the abiding dilemmas of Chinese intellectuals in exile, and the nature of independent intellectual activity.

Liu's comments on God and original sin may seem strange coming, as they do, from a mainland Chinese. However, the discussion of ultimate values, guilt, and redemption is by no means foreign to Chinese intellectuals. Yan Jiaqi, a leading figure among exiled intellectuals, discusses the questions of God, conscience, and sin at length in an essay published in mid-1990,[8] and in recent years a number of other writers have discussed related questions.[9]

Liu is one of the few contemporary Chinese thinkers to see exile as an existential state, a condition of the 20th century, rather than the unfortunate fate of the Chinese alone. His awareness and self-doubt make him a rare figure; he has seen beyond mere intellectual debates and political strategies to the essence of the Chinese dilemma, which the June massacre and developments in Eastern Europe have only tended to exacerbate. His is a powerful and unsettling voice, not only for the Chinese authorities, but even for his comrades.

—G. B.

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[4]These quotations are taken from Liu's article entitled, "The Tragedy of a Tragic Hero." For a full translation, see *New Ghosts, Old Dreams*, Geremie Barmé and Linda Jaivin Eds., New York, Times Books, forthcoming 1991. This article infuriated a range of figures who have since become internationally famous democratic activists.

[5]See G. Barmé, "Confession, Redemption, and Death: Liu Xiaobo and the 1989 Protest Movement," in George Hicks, Ed., *The Broken Mirror: China After Tiananmen*, London, Longman, 1990, pp. 52–99.

[6]Ibid., pp. 66, 67–70 respectively.

[7]See "No Criminal Sanction for Liu Xiaobo," *Beijing Review*, Feb. 4–10, 1991, p. 27.

[8]See Yan's "Order Under the Dictator and Under God," *Xinwen ziyou daobao* (Alhambra, CA), July 20, 1990.

[9]Chang Hao, a US-based scholar of Chinese intellectual history, has spoken of the lack of an "awareness of the dark side" (*youan yishi*) of man and the belief in political sagehood in Chinese culture, which, he argues, are crucial factors in China's failure to develop a tradition of democracy and liberalism. See Chang Hao, *Youan yishi yu minzhu chuantong* (Awareness of the Dark Side and the Democratic Tradition), Taipei, Lianjing chuban shiye gongsi, 1990, pp. 226–27.



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## The Inspiration of New York: Meditations of an Iconoclast

During the cultural debate of the past years I have consistently maintained the stance of an anti-traditionalist. I always thought my theories were up to international standards; now I realize that I have been deluded by deep-seated arrogance. This trip overseas has forced me to wake up to myself.

There may be some merit in my anti-traditionalism, but only if it is considered within the context of China or with a view toward transforming China. That's because China and her culture are truly moribund, ossified, decrepit, and corrupt. To find the determination, strength, and wisdom necessary for self-reform requires us to experience a deep-felt sense of shame over our backwardness, something which can only come from the threatening stimulation and challenge afforded by [contact with][10] an entirely different civilization. As a basis for comparison, Western culture clearly throws into relief the general nature and myriad weaknesses of Chinese culture. Against it we can measure our decrepitude. As a form of constructive wisdom, Western culture can inject a new life-force into China.

On the other hand, if your concern is with the fate of humanity as a whole or with the future of the world, or even with individual fulfillment, my anti-traditionalism seems completely meaningless. My concerns have been both narrow and superficial: those of a Chinese preoccupied with the problems of China. There is nothing in my work that reflects a concern for humanity as a whole or for the future of the world, let alone the tragic nature of existence itself; equally, [in my work] there has been no transcendental concern for the need of each individual to find self-fulfillment. The value of my anti-traditionalism exists only within the context of the worthless cultural rubble of China. My failings are all too obvious: narrow nationalism and a blind fawning before the West.

Since my involvement in the cultural debate, I have been labeled an advocate of "total Westernization" and a "cultural nihilist." In fact, everything I have said about Chinese and Western culture has been as a nationalist wanting to reform China. It has had nothing to do with "total Westernization." In my opinion, the most important feature of Western culture is its tradition of critical rationalism. Real "Westernization" would consist not only of a critique of Chinese culture, but a critical re-evaluation of Western culture as well, a concern with both the fate of mankind as a whole and that of the unfulfilled individual. It would be a critical re-evaluation based on a commitment to "knowledge for its own sake," a commitment to a complete, self-sufficient ontological and value system that transcends mere utilitarian values. Because my use of Western culture has been solely aimed at transforming Chinese reality, I have remained a typically self-referential Chinese and not a "Westernizer." This China-orientation has limited my interest in and consideration of higher questions (as it also limits the majority of Chinese intellectuals—the reason why modern China has not produced great thinkers has a lot to do with this narrow nationalism.) I have been incapable of concerning myself with the fate of humanity and therefore of coming to grips with international Western culture; I have also been unable to achieve personal, religious transcendence based on self-realization, let alone reject all worldly inducements and engage in a pure exploration of knowledge. I am too utilitarian, too practical; I remain caught up in the vulgar concerns of the problems of Chinese reality.

This has led me to think of Lu Xun,[11] a man whose tragedy lay in the absence of transcendental values, a tragedy of godlessness. His understanding of the tragic nature of the human condition went beyond an outward despair for the condition of society to become an internalized angst. We can chart the course of this development in Lu Xun from [the 1923 short story collection] *The Cry* to [the 1926 collection] *Wandering*. In [the 1927 volume of prose poems] *Wild Grass*, Lu Xun achieves a profundity unmatched by any of his other writings.

The Lu Xun of *Wild Grass* cannot be judged by any mundane standards. He had moved from his earlier penetrating criticisms of Chinese reality and culture toward self-examination. Only transcendental values could have helped him overcome the deep-seated and weighty burden of psychological disintegration and depression [expressed in this book]. He reveals his hopelessness, a sense that all that lies ahead is the grave. It is here that God's direction is needed. Unable to find a standard that went beyond utilitarian worldly values, Lu Xun found it impossible to move beyond *Wild Grass*. Indeed, *Wild Grass* represents both the high point of Lu Xun's career and his final resting place. After this he could no longer tolerate the loneliness, solitude, and

[10]Square brackets [ ] indicate translator's additions.

[11]Lu Xun (1881-1936) is widely regarded as China's most important 20th century writer.



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hopelessness. He couldn't bear the endless intellectual doubt. In the end he struggled free, but not by finding some transcendental value. Returning to vulgar reality, he spent his time engaged in futile polemics with a pack of mediocrities. Having become thus entangled, he surrendered to the mediocre. Or to put it another way: after overcoming the limitations of Chinese reality and culture through his critiques, Lu Xun found himself alone. Yet he could not bear to face the unknown world by himself; he could not cope with the solitary terror of the grave. He did not wish to engage in a transcendental dialogue with his own soul under the gaze of God, and it was at this point that the traditional utilitarianism of the Chinese literati raised its ugly head. Bereft of transcendent values, Lu Xun could only regress. He only enjoyed "struggling with the dark" in the dark, but he could not overcome the darkness itself. Lu Xun had been profoundly influenced by Nietzsche, yet there was a great difference between him and Nietzsche: after having lost faith in man, Western culture, and himself, Nietzsche was able to use the reference of "superman" to achieve a personal sublimation.[12] Lu Xun failed to find any transcendental values to help him continue, and so once more he fell back into the reality which he had previously rejected in disgust.

This brings me to another quetion: why have so many outstanding writers in exile from the Soviet Union and Eastern Europe appeared in Western Europe, whereas there have been none from China? Why is it that famous Chinese cultural figures, once in exile, achieve nothing? Certainly, there are linguistic barriers, but I feel a more important reason is that Chinese cultural figures are blinkered. All they care about is the "China problem." They are too utilitarian: all they are concerned about is practical values.

Chinese intellectuals lack the motivation to transcend themselves as well as the spirit that motivates individuals to pit themselves against society as a whole; they lack the internal fortitude required to cope with solitude and the courage and curiosity to face an unfamiliar and unknown world. Chinese intellectuals can only survive in their own, familiar surroundings, bathed in the limelight and applause provided by the ignorant masses. This is particularly so in the case of the famous, who cannot bear to abandon the fame they have achieved in China and start all over again in a foreign land. This "China-fixation" is virtually inescapable; its most outstanding feature is the absence of real individuality.

Thus, China's leading cultural figures cling to nationalism with all their might. They do not see themselves as individuals confronting reality, they do not live for the realization of true self-worth. Their existence is determined by a false sense of worth that derives from an adoring and moronic mob, they live for the hallucinatory sense of superiority they get from playing the Messiah.

In China, their every action and word attracts the respectful attention of society. Overseas, they are alone, unable to attract doting gazes. Apart from the indulgence of a handful of foreigners with an interest in China, nobody else takes much interest in them. What it takes to be able to cope with a solitude bereft of applause and bouquets is not external support, but inner strength: the talent, wisdom, and creativity of the individual. No matter how famous or how important you were in China, the moment you are placed in this new and unfamiliar world you are forced to deal with the world as an ordinary individual.

This is why I have been such an energetic advocate of Western culture, and such a virulent critic of Chinese culture. Nonetheless, I am still nothing more than a "frog in the bottom of a well," staring up at a small patch of blue sky. Theoretically speaking, you don't need to be incredibly well informed to engage in a self-examination and criticism of Chinese culture. In fact, you don't even need to be creative. That's because the theoretical constructs of which I avail myself in examining Chinese culture are givens, ready-made, and do not require any new discoveries. These theories, which Chinese intellectuals treat as profound and innovative, have been clearly explicated by Westerners; they have been around for hundreds of years in the West and are regarded today as old-hat. They don't need us to add any footnotes to them. I think I'll be doing well if I can achieve a passably solid and accurate understanding of them.

When I visited the Metropolitan Museum and the Museum of Modern Art in New York, I finally came to the realization that what I'd always considered my brilliant insights don't really amount to much at all. Confronted by another world, I feel myself vanquished by it. For far too long I have lived cut off from the world in the barren and ignorant cultural atmosphere of China, where thought is superficial, and life itself stymied. Eyes that have grown accustomed to the darkness cannot instantly adjust to the daylight. When New York tore away all of the external embellishments and illusory fame that I had in China, I suddenly realized how weak I really was. I was incapable of immediately finding the courage to face myself; nor could I possibly engage in a dialogue with the upper strata of the international intellectual world.

[12]For a discussion of the influence of Nietzsche on Lu Xun and Liu Xiaobo, among others, see David Kelly, "The Highest Chinadom: Nietzsche and the Chinese Mind, 1907–1989," in Graham Parkes, Ed., *Nietzsche in Asian Thought*, Chicago, Chicago University Press, forthcoming in 1991.



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But defeat should be like this, thorough and pitiless; it was a far more significant experience than any of the empty accomplishments that I had achieved in China.

My position was that of a narrow nationalist trying to use Western culture to reform China. My critique of Chinese culture was based, however, on an idealized version of Western culture. I overlooked, or purposefully avoided, the limitations of the West, even those weaknesses of which I was already aware. I was therefore incapable of a higher level of critical examination of Western culture, which would focus on the weaknesses of mankind itself. All I could do was to "ingratiate myself" with Western culture—glorifying it in a manner quite out of proportion to reality, as if it not only held the key to China's salvation, but contained all the answers to the world's problems. But now, looking beyond this, it is obvious that my idealization of the West was a way of making myself out to be a veritable Messiah. I always despised people who assumed the role of savior; now I realized that drunk on the notion of my own beneficence and power, I was playing—consciously or not—a role that I detested.

I know that Western culture can be used at present to change China, but it cannot save humanity in the long run. For the weaknesses of Western culture highlight the congenital defects of mankind. In the "Autumn Waters" chapter of *Zhuangzi* [the classical Taoist philosophical text] the point is made that no matter how large a river may be, it cannot be as vast as an ocean, and compared to the universe, even an ocean is minuscule.[13] The self-confidence implied in the statement [at the beginning of that chapter] that "all beautiful things under heaven can be found in oneself" is nothing but an illusion. By pursuing this metaphor, we can say that China is backward compared to the West, while the West has its limitations within the context of humanity as a whole, and faced with the vast universe, humanity itself is but minuscule in turn. The overriding arrogance of mankind is reflected not only in the self-satisfied Ah Q spirit of China[14] but also in the Western belief in the omnipotence of rationalism and science. No matter how strident in their criticism of rationalism those in the West may be, no matter how strenuously Western intellectuals try to negate colonial expansionism and the white man's sense of superiority, when faced with other nations, Westerners cannot help feeling superior. Even when criticizing themselves, they become besotted with their own courage and sincerity. In the West, people can calmly, even proudly, accept the criticisms they make of themselves, but they find it difficult to put up with criticisms that come from elsewhere. They are not willing to admit that a rationalist critique of rationalism is a vicious cycle of self-deception. But then who can find a better critical tool?

As someone who has lived [nearly] all his thirty-odd years in China, I must be prepared to launch a two-pronged attack if I am to be able to reflect intelligently on larger questions. On the one hand, I must use a Western perspective to criticize Chinese culture and reality; on the other, I must rely on my own individual resources to make a critique of the West. Neither of these approaches can replace or override the other. So, while criticizing [the West for its] overemphasis on rationalism, science, and money that has led to the undervaluation of the individual, and criticizing the development of an international economic hierarchy and the weakening of opposition due to the homogenizing influence of technology and commercialization, as well as pointing out the ills of conspicuous, unreflective consumerism and the worship of wealth, along with the cowardly flight from freedom, it is vitally important to keep in mind that none of these criticisms is relevant to China. Rationalism, science, and money have only just begun to enter the Chinese consciousness, for the Chinese are still doubly handicapped by poverty and restrictions on their freedom. Just as the standards used to criticize the West are not relevant to China, equally the standards of Chinese culture cannot be used meaningfully in a critique of the West, for they would only drag the West down. Some Westerners, dissatisfied with their own culture and life, look to the East for a key to unlock the mysteries of the human condition. This is blind and misguided; it is wishful thinking. Chinese culture cannot even cope with the dilemmas facing China, let alone those of the West or mankind as a whole.

It is my belief that one of the greatest mistakes made by man in this century has been his attempt to rely on past accomplishments to overcome present problems. Neither the culture of the East nor the West, as they stand today, offers salvation. The superiority of Western culture can at most help the East achieve a modern lifestyle, but this form of progress brings with it its own tragedy. Mankind has yet to create a fresh form of civilization that can solve the population explosion, the energy crisis, the environmental crisis, and the increasing threat of nuclear war, much less overcome forever the pains and limitations of the human condition itself. No one can avoid the fact that the anxiety created by the possibility of nuclear holocaust is the subtext of all modern life. The finality of death makes a mockery of all. To

[13]For a translation see Burton Watson, *The Complete Works of Chuang Tzu*, New York, Columbia University Press, 1968, pp. 175–89.

[14]Ah Q is the protagonist of Lu Xun's most famous story, "The True Story of Ah Q." He is a Chinese Everyman, proud of his ability to snatch defeat from the jaws of victory and hypersensitive about the scars on his scabby head.



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be able to face this cold, hard fact while maintaining the courage to step into the chasm is the ultimate act of which man is capable.

Since the expulsion from the Garden of Eden, mankind has existed in a permanent state of exile. Western civilization is merely a stage in the course of this exile. Tragically, the "sense of original sin" that is so basic to Western culture is becoming increasingly weak, the confessional impetus increasingly atrophied. Religion has become but another form of entertainment, like rock 'n roll. Since Jesus Christ was nailed to the cross, no one else has come forward to sacrifice himself for the sins of others. Mankind has lost its conscience. The gradual disappearance of [the sense of] original sin has set man loose from his moorings; today's decadence represents a second fall from grace. How can a person who has no sense of sin ever hear the voice of God? From the early Middle Ages, when God was rationalized and was later made an adjunct of the power-holders, to the pre-modern period when God became humanized, to the 20th century when God has been increasingly vulgarized and commercialized, civilization has been in decline. Man has killed with his own hand the [symbol of] transcendental value. Is the transmogrification of the concept of God a proof of human advancement or its decline? If it is decline, then with the death of God does the fall of man retain any significance?

Thus I have come suddenly to the realization of impotence. I face an agonizing dilemma. I now know that in using Western values to criticize Chinese culture I have been attacking an ossified culture with only slightly less ossified weapons. I am like someone who, though partially paralyzed himself, mocks a paraplegic. Having transplanted myself into a completely open world, I am suddenly forced to acknowledge that not only am I no theoretician, but I'm not a famous person anymore. All I am is a normal person who has to start all over again from the beginning. In China, the backdrop of [general] ignorance highlighted my wisdom. My courage was thrown into relief by the cowardice of others. I appeared healthy in comparison with the congenital idiocy of my surroundings. Yet, in the United States, now that this backdrop of ignorance and failing has disappeared, so has my wisdom, courage, and vigor. I have become a weakling unable to face myself. In China, I had been living off a reputation of which 90 percent was hot air. In the West, for the first time in my life I have been faced with real and hard decisions. When a person falls from the peak of fantasy into the chasm of reality, only then does he discover that he has never climbed a peak at all, but has been struggling all along at the bottom of that chasm.

Tao Li, my wife, said the following in a letter to me:

*Xiaobo, you may appear to be a famous Chinese rebel, but, in reality, you have made a sly pact with society. You are tolerated and forgiven. Our society envelopes you, even encourages you, while all along appearing to reject you. You are an adornment, a decoration; your very existence is a negative validation of the system.*

When I first read this passage, it left me cold. Now I realize how perceptive her comments are. I am grateful to Tao Li. She is not only my wife, she is also my most relentless critic.[15]

There is no way back now. Either I jump over the ravine to the other side, or dash myself to pieces in the effort. Faced with reality one must confront danger.

May 1989
Beijing[16]

[15]Tao Li is a teacher in her early thirties.

[16]This is the date and place given in the *Ming Pao Monthly*. A slightly different version of this essay, which appears as the postscript to Liu's book, *Contemporary Chinese Politics and Chinese Intellectuals*, is dated March 1989, New York.



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# Books

# China: The Time of Song and Tears

**Norman Kutcher**

HAN MINZHU, (pseud.), Ed. *Cries for Democracy: Writings and Speeches from the 1989 Chinese Democracy Movement.* Princeton, NJ, Princeton University Press, 1990.

SCOTT SIMMIE and BOB NIXON. *Tiananmen Square.* Seattle, WA, University of Washington Press, 1989.

LEE FEIGON. *China Rising.* Chicago, IL, Ivan R. Dee, 1990.

HARRISON E. SALISBURY. *Tiananmen Diary: Thirteen Days in June.* Boston, MA, Little, Brown and Company, 1989.

MICHAEL S. DUKE. *The Iron House: A Memoir of the Chinese Democracy Movement and the Tiananmen Massacre.* Layton, UT, Peregrine Smith Books, 1990.

ANN KENT. *Human Rights in the People's Republic of China: National and International Dimensions.* Canberra, Peace Research Centre, Australian National University, 1990.

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THE Chinese democracy movement of 1989 has prompted a massive amount of writing. Almost 20 books and many more articles and poems have attempted to elucidate the complex facts and emotions behind the student movement, as well as the response of Westerners to it. And yet, the more that is written about the student movement, the less certain we are about the answers to the questions that have been there from the start. Since the time when the American public saw tanks and shootings on American television, from the moment of seemingly utter certainty—about the mass killings of students on the square, about the moral bankruptcy of the current Chinese government—much has been published that calls the entire story of the student movement into question. This is especially true for the final hours of the students' occupation of the square. One can, in the many different published accounts of the massacre, find dramatically different versions of what really happened.

The works reviewed here are excellent and complementary starting points for the reader who wishes to form his or her own opinion about the movement. *Cries for Democracy* provides translations of many of the most significant writings from the movement, with interspersed commentary. To the extent that a movement can be understood through its writings—and writings were in many ways at the heart of this movement—this book is an invaluable resource. Those who wish to know what the Chinese students meant by "democracy" will find their answers here. *Tiananmen Square,* by Scott Simmie and Bob Nixon, "seeks to capture the feel of Tiananmen Square during those days," and is an excellent aid for uncovering the elusive qualities of the movement that were not conveyed in the writings. Lee Feigon's *China Rising* is a most insightful personal account of the movement, from the lesser-known vantage point of People's (as opposed to Peking) University. Feigon's informants were graduate students from the party history department (*dangshi xi*) of that university, who played a seminal role in the movement but then withdrew into the background.

Harrison Salisbury's *Tiananmen Diary,* by a veteran China hand with experience throughout Asia, gives

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the view from the diplomatic compound. Salisbury has met many of the current leaders, and his understanding of the government's response to the movement has benefitted from those contacts. Moreover, since Salisbury's account is very much a journal, he has captured the mood of absolute uncertainty that gripped Beijing in those days, when even civil war seemed possible. Michael Duke's The *Iron House* is the account most passionately sympathetic to the students. Duke is an experienced China scholar who was a participant in and financial supporter of the demonstrations. Ann Kent's *Human Rights in the People's Republic of China* places the movement in the context of China's quest for the rule of law. Many of the democracy movement's most articulate spokesmen argued for the rule of law, and so readers should find Kent's highly objective book invaluable to their understanding of this facet of the democracy movement.

Although these published accounts may leave unresolved some of the most burning questions about the movement—even the question of how many died in the crackdown elicits earnest answers ranging between 200 and 20,000—they explore a very different aspect of the student struggle, one only adumbrated by the media reporting on the incident. The books reviewed here, as well as my own experiences in Beijing at the time, suggest that there were two student movements, with differing aims, and at times, different participants. One movement was inward-looking. It sought to build a new community on the square, one completely different from the accepted forms of community in China. For this movement, Tiananmen Square was not a place to confront the government, but was, for lack of a better term, what we might call a "laboratory of democracy."[1] This movement failed, but not because of the government crackdown. It failed because of the inner dynamic of the democracy movement itself.

The other movement looked outward, toward confrontation with the government. This movement ultimately aimed at wresting power from the current leadership. It failed when the tanks rolled onto the square.

The inner movement began when students at their universities and on the square began to admit to each other, first in whispers, and then in shouts, how absolutely miserable they were with the situation in China, with their lives, and with their prospects for the future. The mood of festiveness, so often reported by the Western news media, was a reflection of this liberating release of pent-up emotions and fears. But even in the early stages of the movement, people had begun to voice to each other the details of their ideas for change. On long walks to and from the square, in the hours spent on the square itself, new visions and new questions were debated by those who sought to build a completely new China.

Essayists, expressing their views in handbills and posters, and in short-lived publications like *Democracy Forum*, sought alternatives to government by individual preeminent leaders. Some, not surprisingly, looked to science:

> *A guiding group must be established, a group unique in the world, comprising specialists and scholars . . . . Because science would be its sole guiding ideology, the government would base its judgments on science, not the [power] of individuals.* (*Cries for Democracy*, p. 281, brackets in the original)

If such suggestions seem to us naïve, we must remember that the participants in this inward-looking movement were exploring new ground, daring to rethink a Chinese system of government. Few, if any, advocated the wholesale adoption of Western democracy. They were, however, well-versed in both Western and Chinese history, and their ideas for the future government of China contained elements of democracy, socialism, and "new authoritarianism" (*xin quanwei*)—the style of government they perceived as working so well in places such as Taiwan and Singapore.

The inward-looking movement viewed Chinese history as an endless cycle of "tyranny–turmoil–new tyranny," in which the populace would overturn a tyrannical leadership to follow a leader that promised reforms, only to find in a matter of a few years that the new leader himself had become hopelessly corrupt and another cycle of turmoil was beginning. This movement attributed the fact that originally well-meaning leaders, such as Mao Zedong and Deng Xiaoping, had become corrupt, not to defects in their character, but to structural problems in the Chinese system of government, even in the Chinese psyche itself.

The history of leaders gone bad caused the inward-looking movement on the square to be fundamentally distrustful of the leadership principle as such. Almost all decisions, especially until mid-May of 1989, were made at the grassroots level. When traffic barriers were needed to provide order and safe passage, someone solicited bamboo poles and volunteers. With very little fanfare, these volunteers

[1] No allusion is intended to Robert La Follette's experiments in Wisconsin. A far better analogy might be the experiences of the Chinese Communist Party in Yan'an. See Mark Selden, *The Yenan Way in Revolutionary China*, Cambridge, MA, Harvard University Press, 1971.



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arranged themselves, holding the poles at either end, to form traffic barriers.

Inward-looking students on the square sought to cultivate in themselves and in each other a distrust of leadership; like May Fourth intellectuals they sought the "transformation of national character" necessary for "reform of the 'one party–one faction–one leader' system" (*Cries for Democracy*, p. 159). As Feigon notes of the People's University students, "they consciously avoided a cult of personality. Determined to train people not to follow leaders . . . they constantly rotated positions so that none of them grew to be recognized or gain celebrity status" (pp. 139–40). One essayist noted that the banners carried by students from Nankai University (in Qingdao), where Zhou Enlai had been a student, read "carry out Premier Zhou Enlai's behest." For this essayist, harnessing the longings of the democracy movement to the ideas of even one of China's finest leaders, was deeply depressing. He commented:

*When I read these lines, feelings of anxiety surged up in me; I sighed because these are signs indicating that the consciousness of the Nankai students is still steeped in authority worship, and that their ways of thinking are still enveloped in the dark shadow of servility.* (*Cries for Democracy*, p. 316)

Students on the square substituted the power of anonymity for the power of the individual. This was something that the American media was trying to convey when it referred to the "people power"on the square. At the beginning of the movement, anonymity was a source of power because it gave students a measure of security against government reprisals. But as the movement progressed, it became the source of a new and genuine kind of mass power that was explicitly anti-hierarchical. An oft-quoted poem reflects this:

*Classmate, do not ask my name.*
*Reach out your hand,*
*Reach out my hand,*
*Reach out our hands.*
*Do not ask my name.*
(*Cries for Democracy*, p. 216)

Once the movement became so huge that people began to feel that even if it failed there could be no government reprisals, anonymity came to serve as an antidote to egotism. By remaining a hard-working and self-sacrificing member of the crowd, by standing clear of hierarchies, one could avoid the trap that had ensnared activists in previous popular movements in Chinese history.

The task of facing their own selfishness, their own mixed motives, was a central concern of the inward-looking student movement. The participants in this movement were after all part of what Liu Binyan has ambiguously called "the most selfish generation since 1949."[2] At the start of the movement their motives were mixed. As Simmie and Nixon write, many wanted desperately to go to the West to study, so they could bring Western technology back to China. The possibility of not returning was, however, in the back of many minds (p. 7). Feigon conducted an informal survey of 34 students studying in China and found that 30 had hoped to study a subject other than that to which they had been assigned—something that would bring better material returns (p. 142).

The hunger strike provided the students with a way to purify themselves of their selfish motives. By fasting, courting death and at times passionately seeking it, students were able to prove to others, but mostly to themselves, that they had been purged of all selfish desires. It was during the hunger strike that the mood on the square shifted from one of shouting to one of tearfulness, as the students proved their love of China. As the editors of *Cries for Democracy* noted, "A spirit of martyrdom . . . seized many of the fasters" (*Cries for Democracy*, p. 210). Duke recounts a conversation with a student who:

*. . . with his friends and fellow students . . . resolved to die for the cause. He said everybody was calm and silent, sitting there "with but one thought—death." He had argued before that the most beautiful conclusion to the movement would be a massacre. "I didn't think there could be any better ending. Everyone was prepared to die."* (p. 104)

To die would make the powerless powerful, but what the most selfless of the protesters sought was mass martyrdom, adding their bodies to those of countless others. One protester expressed his feelings as follows:

*We have exhausted all our tears*
*Without once making you*
*strong.*
*Perhaps our ashes*
*Can make you fertile.*
*We fall one by one*
*To fill the dark abyss.*
*If only my people*
*Walking across my body*
*Climb over the peaks of*
*ignorance and poverty*
*To greet the light of our dreams.*
(Duke, p. 82)

It was the expression of senti-

[2]Liu Binyan, Ruan Ming, and Xu Gang, *"Tell the World": What Happened in China and Why*, Henry L. Epstein, trans., New York, Pantheon Books, 1989, p. 34.



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ments such as this that gave the inward movement its power. The absolute willingness of students to die for the love of China touched people's hearts as no outward conflict with the government could. The promise of the student movement lay in its power of moral suasion, its ability to force the government and the military to "see the light," as the people of Beijing had. The students hoped that just as their hearts had been touched, so too would be the hearts of the rulers and the army. For a time this seemed to be happening as first Zhao Ziyang and then many army personnel showed support for the demonstrators. The mood of Beijing changed—as even thieves went on strike to support the student movement.[3] The selflessness displayed by the hunger strikers and their fellow demonstrators gave the movement its greatest dynamism.

When university officials countered the announcement that students planned to boycott classes with the charge that students were selfish and did not want to go to classes anyway, the students responded with the slogan "boycott classes, not study" (*ba ke, bu ba xue*). This was a call inward, to study the goals of the movement, and from it came the realization that to be a truly just movement, the students would have to take it outward, to the streets of Beijing. Only in this way could elitism be avoided. At major intersections, students who had no experience with public speaking stood in the center of gathering crowds of people and brought the message of the student movement to the people.

It was above all the students' actions, rather than their words, that made the people of Beijing so deeply sympathetic to their cause. The judicial officials who signed a big character poster at People's University (seen on May 3, 1989) were not exaggerating when they wrote:

*Over the last several days, we have heard and seen with our own ears and eyes the determined, just actions the university students of the capital have taken to push forward democratization—acts that move us to song and tears. Deeply moved and inspired, we extend to the students on this occasion our most sincere respect.* (*Cries for Democracy*, p. 179)

Since actions, not words, were the powerful force in swaying people's hearts, the movement was one in which the sheer physicality of the students' efforts were at the heart of their eloquence. One very moving translation in *Cries for Democracy* expresses the ways in which the physical endurance of the students—marching, hunger striking—had caused the "conversion" of a young teacher:

*When the students in the square were fighting hunger, not only did we fail to send them some kind of warmth; even worse, we lay asleep in our holes. When the students dragged their exhausted bodies back to campus, rather than greeting them with a warm welcome, we just stood on the sidewalks acting like a street crowd . . . . As mentors for the students, we, the whole bunch of us, cannot even be compared with those old ladies by the side of the street who give their popsicles to the students. The hearts of our teachers are colder and harder than those popsicles. Take a look at those poor students—hungry, cold, sleepy, and exhausted—they still knelt down in front of the Great Hall of the People for half an hour! Their sincerity does not permit doubt or abuse.*

*Granted they were a bit immature, perhaps—all the more should we have given them a hand, instead of leaving them there, alive or dead. . . . Faced with the simple, selfless, almost childish enthusiasm of the students, I feel ashamed! Before them, I no longer feel that I am their teacher, but their student.* (pp. 176–79)

Through their willingness to suffer, the students raised persuasion to a new level. They persuaded others of the correctness of their cause by suffering, by touching emotions, rather than by argumentation.

The people of Beijing whose sympathies were aroused by the movement counterbalanced the students' ardor for death with their own passion that not a single student die. If a student were to die, the beauty of the movement would die also and the demonstrations would acquire the kind of gravity that the students had been avoiding. Duke kept quiet after he heard rumors of a hunger striker's death. "We didn't say anything," he writes, "because the workers at the Capital Steel Factory had threatened to go on strike if even one student died" (p. 81).[4]

This change in attitude, which held that even a single life was priceless, was an important one because Beijing before the movement had been a place where people seemed to care little for the death of a stranger. However, during the student movement, I saw people on the street rush to the aid of a man who had suffered a heart attack. It took only a minute before he was on

[3]See *Cries for Democracy*, pp. 379–80; Liu et al., op. cit., pp. 46–47; and Simmie and Nixon, p. 150.

[4]*Renmin ribao* reporters could affirm, on May 17, that "not one single traffic accident or fatality has occurred." See *Cries for Democracy*, p. 228.



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the back of a platform tricycle, being rushed to the hospital.[5]

The crowd, which had for so long represented disorder (*luan*) in China or at the very least served as a reminder of China's overpopulation, came to represent the power of the people. This crowd was affirming, not threatening, largely because of its orderliness, and because of the kindliness with which students who volunteered to maintain order asked people, for example, to "yield a little" (*rang yi rang*) instead of curtly ordering them to get out of the way. Simmie and Nixon noted that during the memorial service for Hu Yaobang: "Whenever groups of students arrived bearing a new wreath or tribute . . . the crowd would magically part—only to close in behind them like some fluid organism" (p. 21).

AS THE student demonstration wore on, its inward, selfless movement began to change, to be swallowed up in the outward confrontation with the government. The pollution of the square became a metaphor for the extent to which the movement itself had become polluted:

*Gusts of the odor of decay and of all sorts of stale mentalities and attitudes, ready for the grave yet still prevalent in the current system, have assumed new forms to threaten our cradle of democracy with rot and deterioration. While myriad urgent calls for help ring in your ears, you can see that the waste in every school's camp is astonishing. Highly nourishing food is strewn about, countless bottles of drinking water have been set aside and left to sit for days, countless steamed buns and loaves of bread have been thrown on the ground.* (*Cries for Democracy*, p. 314)

Many involved in the movement fell prey to the vices they had condemned in China's leadership. Bureaucratization, which included the emergence of sometimes competing bureaucracies, was taking shape on the square. "Favoritism and arbitrariness," the editors of *Cries for Democracy* noted, "could be found on the square as elsewhere in the country: one's chances of obtaining a pass through a series of security checkpoints often depended on one's connections; possession of a pass did not guarantee that student guards would honor it" (p. 312). Feigon reported the most damaging information of all: "There were even charges—some of which turned out to be true—that money collected for group use was being put to personal gain" (p. 173).

The most perceptive within the movement saw what was happening, and called for students to engage in reflection and self-examination:

*[We] think that from now on all of us involved in this movement should, with a highly rational spirit, engage in profound reflection and self-examination with respect to our own behavior and the goals and significance of this democratic movement. The point of departure for this reflection and self-examination should be: does all the work we are engaged in, everything we think, everything we do, really promote the spread of democracy? Does it really promote a democratic spirit?* (*Cries for Democracy*, p. 315)

Such inward reflection was absolutely necessary for the spiritual life of the movement, for its genuine survival. Why was it not taking place? What had happened to sap the selfless, deeply introspective aspects of the movement? The books reviewed here only begin to touch on these questions. Therefore, much of what I say here is based on my own observations and hypotheses.

One factor might well have been a change of participants. As the movement became more popular, as it appeared to be succeeding, participation in it became less of a risk. Louder-mouthed people, who were not genuinely willing to die, pushed their way into leadership positions. From Feigon's vantage point at People's University, it appeared that the selfless graduate students in the party history department had been pushed aside, drowned out by the boisterousness of the new arrivals to the movement:

*[The] attitudes and temperament [of the party history group] contrasted with those of their fellow student leaders. For one thing, the self-effacement of the party history students seemed out of place with a protest that was increasingly becoming a media event. Other students were loud and raucous, holding press conferences and declaring their self-importance to anyone who would listen.* (p. 172)

Similar changes may have been taking place throughout the movement.[6] The inward-looking move-

[5]Something as seemingly amorphous as a mood change was nonetheless detected by others. Feigon reported: "As I walked and rode around the city talking with people, I would feel the mood changing everywhere" (p. 149). See also Simmie and Nixon, pp. 68–69; and *Cries for Democracy*, pp. 379–80.

[6]Here as elsewhere in Feigon's account, one wonders whether he tends to overemphasize the role of the People's University students who were his informants. From such close range, they may have seemed to play a slightly larger role than they did in the overall movement. For example, although Feigon maintains that the first wreath at the Monument to the People's Heroes commemorating Hu Yaobang's death was laid by the party history group of People's University (p. 128), Liu Binyan asserts that it was laid by a group of young writers, editors, and reporters. See Liu et al., op. cit., p. 23.



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ment had, from the start, been suspicious of the leadership principle. However, while some tasks, such as setting up traffic barriers, lent themselves to being done in a completely grass-roots manner, bigger decisions, those that related to the outer conflict with the government, required a leadership. Unfortunately, those who rushed to fill these leadership positions, those who subscribed to the leadership principle, were in a sense least empathetic to the deepest aspirations of the movement.

There was, in the broadest sense, a conflict between the outer and inner goals of the movement. The part of the movement that was in conflict with the government needed desperately to wear the cloak of legitimacy. Thus, it was utterly incapable of admitting its own weaknesses—to the people, to the government leadership, to itself. To do so would be a strategic error. For strategic reasons, those who were confronting the government also could not admit much of what the movement's reflective phases had brought home about the really profound differences with the government. They could not admit that China's problems went far deeper than the men currently in power.

In addition to a different leadership, it might also be said that the participants themselves changed, and became more like the rulers they criticized. Many of those who joined the movement at its inception and became its staunchest supporters had come from the lowest rungs of the university ladder. In China, people are assigned to a department on the basis of test scores, with the highest-ranked students going into the finance and economics departments, and the "worst" students into the Chinese literature and party history departments. Many of those who were among the first to join the movement did so because they saw firsthand the injustices of the system: their lack of family connections or unwillingness to take part in corruption was responsible for their low position. Others joined the movement out of despair; they were willing to die because they had no prospects for the future. Duke has an illustrative quotation about this attitude:

*The students were ready to die because they've lost all hope in the future; they're in complete despair; they see little meaning to their lives and have little or no hope for the future, either for themselves or the country.* (p. 81)

But success corrupted some of those who had been willing to die, by giving them something to live for. And once they had that, once the outsiders had become insiders, to use Peter Gay's phrase, they became jealous of their power.[7]

The media, including the Western press, clearly played a role in the transformation of the movement. With our Western tendency to focus on individuals and leaders, we failed to see that the most important part of the movement was its distrust of leaders, that its greatest beauty was not in the egos of the leadership but in the selflessness of the rank and file. As the movement became, in Feigon's term, a "media event," even its most dedicated participants became intoxicated by their roles. Feigon illustrates:

*One day in early May an attractive foreign student told me how she had been approached by a self-proclaimed Chinese student leader who told her that he planned to hold a press conference in her dorm room later that night. He advised her to get dinner ready for him because he would be hungry.* (p. 172)

As the movement progressed, the leaders became differentiated from the rank and file. The crowd ceased to be a source of spiritual and moral power and instead became a backdrop for outstanding personalities. Although the students touted individualism, what they meant, as Feigon says, was "unfettering the creativity of individuals so they can be more productive members of society" (p. 217). But the power of the movement radiated, not from its arguments for individualism, but from its mass power. When the leaders began to separate themselves from the crowd, it was all too easy for them to look down on the crowd as an undifferentiated mass. Tragically, Liu Binyan's apt characterization of Deng Xiaoping had begun to apply to some of the student leaders:

*The essence of autocracy, Marx once said, is the tendency to look down on others, to treat them as subhuman. This is the core of Deng's character. His contempt for people's dignity and integrity is astonishing.*[8]

Whereas the student movement, at its most reflective, was moving toward a deeper understanding of the commonality of the oppressed, from which it drew its sustenance, this understanding dimmed when some of the students began to look down on workers and on non-Chinese peoples such as Tibetans.[9] As part of this tendency, social concerns of the movement gave way

[7]Peter Gay, *Weimar Culture: The Outsider as Insider,* New York, Harper Torchbooks, 1968.

[8]Liu et al., op. cit., p. 77.

[9]Many who visited China and spoke with members of the student movement were astonished to discover that the students who seemed so supportive of democracy did not advocate an equal measure of human rights for Tibetans, whose demonstrations earlier in the year received little notice among Beijing people.



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to individual self-aggrandizement. Wuer Kaixi and other leaders at Beijing Normal University "plastered their walls with pin-up girls. Wang Dan, the 'intellectual' of the movement, openly bragged to an American reporter about the love letters he had received from enamored Chinese women" (Feigon, p. 218).

WHY did this most promising of movements so quickly fall into the cycle of movements it had seemed to transcend? The editors of *Cries for Democracy* stress that the problems of the leadership stemmed in part from "immaturity" and "inexperience" (p. 111). But this may perhaps be simply begging the question.

More likely, the inward-looking student movement disintegrated because of the very factors that had made it so powerful. Its lack of structure and its pure mass energy of selflessness kept it from putting into place structural changes that would limit the power of its leaders. The wisdom of Kent's *Human Rights in the People's Republic of China* is in its recognition of the absolute necessity of such structures as a precursor to real change in China (pp. 12–15).

In late May and early June 1989, as the students debated their course of action, many suggested that a "Democracy University" be established on the square to continue the study of democracy.[10] Some who advocated this plan saw such a university merely as a means for maintaining a presence on the square. But for many others, the idea of a Democracy University was to recapture the true spirit of the movement, which had been buried in the hyperbole and media circus.

Thus the question "Did the students understand democracy?" is somehow not really an appropriate one. It is a question too deeply biased with our own Western sense of what government and democracy should be. It is far better to ask whether the students were on the way to acquiring their own understanding of what democracy could mean to them, and to China. The answer, these works suggest, is that during the truly glorious early days of the movement, they were indeed well on the way.

[10] *Cries for Democracy*, pp. 358–59.



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# The Impact of Democracy on China Studies

**Barrett L. McCormick**

SUSAN OGDEN. *China's Unresolved Issues: Politics, Development, and Culture.* Englewood Cliffs, NJ, Prentice Hall, 1989.

ALAN P. LIU. *How China Is Ruled.* Englewood Cliffs, NJ, Prentice Hall, 1986.

KENNETH LIEBERTHAL and MICHEL OKSENBERG. *Policy Making in China: Leaders, Structures, and Processes.* Princeton, NJ, Princeton University Press, 1988.

JOHN P. BURNS and STANLEY ROSEN, Eds. *Policy Conflicts in Post-Mao China: A Documentary Survey, With Analysis.* Armonk, NY, M. E. Sharpe, 1986.

GEREMIE BARMÉ and JOHN MINFORD, Eds. *Seeds of Fire: Chinese Voices of Conscience.* New York: Hill and Wang, 1988.

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ALMOST no one foresaw that many socialist states would collapse in 1989. Most accepted the conventional wisdom that these states had established strong institutions capable of containing pressures from below; few realized that the citizens of those states had the power to force leaders to abandon Soviet-style institutions and Marxist-Leninist ideology.

There is no great shame in not having predicted these events. The dramatic changes of 1989 and 1990 remind us that politics are determined not only by economic relationships but also by human creativity. "Historical materialism," failed not only because it located the "base" of politics exclusively in economics, but also because socialist leaders made it a mechanical science. In 1989, from Beijing to Prague, citizens broke the rules that had ordered politics in the past and created a new world outside the bounds of previous understanding. Human creativity triumphed, and mechanistic views of the universe were defeated.

Having failed to anticipate the events of 1989–90 is understandable, but it is now necessary to backtrack and try to understand what did happen. Perhaps one of the biggest tasks ahead is to reevaluate the existing literature on socialist countries to see to what degree it contributes to an understanding of the current situation. I will contribute to this effort by considering several books on China, all of which were written before the 1989 democracy movement.

Analysis of the relationship between Leninist states and civil society offers a promising conceptual foundation for exploring the new politics of socialism. It is especially attractive because people who had important roles in bringing about change thought in these terms. Polish intellectuals, in particular, used this analysis to understand the nature of "existing socialism," to develop strategies for promoting change, and to envisage the society they wanted to build.[1]

The East Europeans argued that Stalinist states attempted to encase all manifestations of civil society

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[1]For an early account of this type of thinking in Poland, see A. Arato, "Civil Society vs. the State," *Telos* (New York), Spring 1981, pp. 24–47. For a more recent and more complete account, see Jan Zielonka, *Political Ideas in Contemporary Poland,* Brookfield, Avebury, 1989. For a classic statement from Czechoslovakia, see Václav Havel, "The Power of the Powerless," in Václav Havel, Ed., *The Power of the Powerless: Citizens Against the State in Central-Eastern Europe,* London, Hutchison, 1988, pp. 23–96.



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within the "crystalline structures of the state."[2] While Leninist leaders perceived or rationalized this as shaping "new Soviet men" and a qualitatively new communist society, democrats in socialist countries viewed hierarchical bureaucratic structures as totalitarian; in their view, they obstructed meaningful freedom and democracy, impeded economic efficiency, encouraged corruption, debased morality, and forced everyone to lie. As a remedy, democrats advocated organizing as many centers of autonomous social activity as possible.[3] They called for telling the truth, for adhering to high moral standards, and for respecting laws and legal institutions. They seek the eventual creation of a decentralized political system with a high degree of freedom and democracy.

BECAUSE China is now the most important remaining example of Marxist-Leninist ideology and Soviet-style institutions, it is an important test for this theory of the decline of socialism. If China's Leninist party fell from its leading position, then it would be safe to conclude that Marxist-Leninist ideology and Soviet-style institutions are fatally flawed—that the relationship Leninist states establish with society is no longer viable. On the other hand, if China's leaders can maintain stability without fundamental reforms, then the analysis of socialism would necessarily be drawn toward the interaction of socialism and local conditions. One might conclude that the analysis of the relationship between Leninist states and society and the attempt to realize civil society is only useful in special circumstances.

Many people have explained the collapse of communism in Eastern Europe in terms that can be construed to support the thesis that analyzing the relationship between state and society is only useful in European circumstances. For example, the development of autonomous civil society in Eastern Europe can be linked to Eastern Europe's cultural and geographic proximity to Western Europe. Similarly, the collapse of communism in Eastern Europe and even in the non-Russian Soviet republics can be explained in terms of international factors unique to that region, namely, Russia's inability to maintain its empire. East Europeans often interpret Stalinism as an emanation of an inferior Russian culture, and the collapse of communism as rejoining the West.[4] Churches in Poland and East Germany played a central role in the demise of socialism in those countries. Similarly, Czechoslovakia's history of democracy is said to have facilitated that country's return to democracy.

Conversely, many scholars call attention to China's special circumstances in ways that cast doubt on the relevance of concepts like "civil society" to China. First, China is significantly poorer and more rural than the leading countries of Eastern Europe. In 1986, China's per capita GNP was about US$300, compared to over $2,000 in Poland and Hungary, and in 1980, 74 percent of China's population was engaged in agriculture, compared to 18 and 29 percent of the populations of Hungary and Poland.[5]

Second, the roles that socialism and Western democracy played in China's history are the opposite of their roles in Eastern Europe. China's Communist party established its patriotism by evicting Western imperialists, and did not suffer the humiliation of Russian domination.

Third, many Chinese and Western analysts have argued that traditional Chinese culture reinforced the norms of Leninist rulership. For example, in *China's Unresolved Issues,* Susan Ogden states that the party not only did not develop strategies that could effectively combat defects of Chinese "feudalism"—such as the overcentralization of power, the worship of great leaders, the tendency to form factions, and the privileged status of officials—but devised a system that defended and cultivated similar practices. Elsewhere, Lucian Pye explains how the democracy movement and its repression exemplify Chinese cultural traits such as:

*the sensitivity of authority to matters of "face," the need for authority to pretend to omnipotence, the legitimacy of bewailing grievances, the urge to monopolize virtue and to claim the high ground of morality, the drive to try to shame others, an obsession with revenge, the inability to compromise publicly, and so on and on. All of which seems to come down to a basic problem in Chinese political culture, the management of aggression.*[6]

Among Chinese as well as among scholars of China, it is, in

[2]Rudolf Bahro, *The Alternative in Eastern Europe,* London, New Left Books, 1978, p. 38.

[3]Jacek Kuroń writes: "I compared the political situation in Poland with the movement of trains. A railroad schedule in which every tenth train was allowed to operate independently, governed by an accord between the conductor and the passengers, would either compel a change in the principle on which the whole railroad was based or lead to a series of catastrophes." Jacek Kuroń, "Overcoming Totalitarianism," *Journal of Democracy* (Washington, DC), Winter 1990, pp. 72–74.

[4]See, for example, Milan Kundera, "A Kidnapped West or Culture Bows Out," *Granta* (New York), No. 11, 1984, pp. 93–122.

[5]World Bank, *World Development Report, 1988,* New York, Oxford University Press, 1988.

[6]Lucian W. Pye, "Tiananmen and Chinese Political Culture: The Escalation of Confrontation from Moralizing to Revenge," *Asian Survey* (Berkeley, CA), Vol. 30, No. 4, 1990, pp. 331–47.



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sum, relatively common to explain events in China largely in terms of the pattern of Chinese history. Jonathan Spence, for example, links the 1989 democracy movement in China to "strands from the [Chinese] past" such as China's tradition of intellectual and student protest and the government's lack of tolerance for organized opposition and makes no reference to developments occurring in other socialist countries.[7]

Scholarship on China has only begun to provide evidence of an emerging autonomous society that is in conflict with the Leninist state.[8] One of the reasons for this is that it is difficult to penetrate Chinese society. China, like other Leninist states, has developed large bureaucracies for manufacturing an official point of view. Not only do the bureaucracies maintain controls over the formation and utilization of organizations, they also limit access to the media, making it difficult to attract attention to other points of view. In addition, all Leninist states, China included, have used state-directed or state-manipulated terror to induce conformity. Voices not clearly controlled by the central leadership only appear at the extreme margins of everyday politics, in places like avant-garde art and émigré publications. Another obstacle to producing evidence of a conflict between state and society is the use of analytic perspectives that make differences between state and society hard to detect.

SUSAN Ogden's text, *China's Unresolved Issues,* for example, sometimes implies that state values and social values are identical. Ogden's central focus, unresolved issues, is promising. After an introduction to China's historical and cultural background, Ogden devotes seven chapters to as many unresolved issues: leadership and reform, socialist democracy, socialist legality and social control, class and class struggle, economic development, education and political culture, and the meaning of socialism. One might quibble with her choice of issues, but, in general, her approach succeeds in leading readers to a dynamic, open-ended understanding of China as a nation in a state of flux. She often points out how socialism and the party are obstacles to resolving conflicts, stating in her conclusion that "the socialist system itself has usually been the single greatest obstacle to development" (p. 346).

Nonetheless, her concept of socialism does not allow for a fundamental conflict between state and society. She sees socialism as a set of values, not a set of institutions or a coercive state. Her fundamental point is that the obstacle to settling the unresolved issues is conflict among three competing sets of values, namely, values deriving from socialism, from traditional Chinese culture, and from development. This is reminiscent of Talcott Parson's argument that shared values are the foundation of politics, with the special condition that society is confused about which values to share. The Communist party, however, does not conceive of itself as reflecting existing social values, but as a "vanguard" that has built a state with the express intention of changing society's values, even if that entails the use of force.

Ogden is not always adequately sensitive to the subtle ways in which the weak express opposition to the powerful. She states:

> *In China more than in most countries, then, saying it makes it so —or at least policies respond* ***as if*** *it is so. If the leadership states that "bourgeois attitudes" are an issue that must be dealt with, policies will be formulated to eradicate these attitudes, the bulk of the people will start searching for bourgeois attitudes in others, conceal their own, and generally become concerned, if not distressed, over the issue of being bourgeois.* (p. 3, emphasis in the original)

What is the difference between being concerned and acting "as if" concerned? If society and the state have an essential harmony of interests, then there is little difference. If there is a fundamental conflict between state and society, then for the weak to act "as if" there were an identity of viewpoints denotes a very complex set of relationships that requires careful consideration.[9]

Ogden closes by stating that "socialism with 'Chinese characteristics' now means anything that helps China to modernize" (p. 353). This was a common point of view before the Tiananmen massacre. Unfortunately, the massacre now forces us to conclude that many senior leaders intend to establish a more restrictive definition of "socialism with Chinese characteristics."

THE study by Alan P. Liu is more consistently critical of China's regime than is Ogden's book. Liu's *How China is Ruled* was published in 1986, three years prior to *Unre-*

[7]See his introduction to Han Minzhu (pseud), Ed., *Cries for Democracy: Writings and Speeches from the 1989 Chinese Democracy Movement,* Princeton, NJ, Princeton University Press, 1990.

[8]Two important works pointing to the development of an autonomous society are: Thomas B. Gold, "The Resurgence of Civil Society in China," *Journal of Democracy,* Winter 1990, pp. 18–31; and Perry Link, Richard Madsen, and Paul G. Pickowicz, Eds., *Unofficial China: Popular Culture and Thought in the People's Republic,* Boulder, CO, Westview Press, 1989.

[9]Václav Havel considers this problem at length in "The Power of the Powerless," loc. cit.



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*solved Issues,* and his sources are mainly from the early 1980's. The enthusiasm of scholars writing when reforms were further along is absent in Liu's book. His skeptical tone also follows from his approach. Liu's text centers on discussions of institutions and processes, not values, and he gives special attention to "coercive organizations," including the judiciary and the public security system, the military, and the militia. His consideration of the institutions that make up a socialist state creates a conceptual space for examining the distinction between state and society, and his discussion of coercive institutions allows for the possibility that state and society are in conflict.

Liu's discussion of process helps to illustrate the gap between state and society. His chapter on public opinion and political communication notes the limited opportunities for society to initiate communication with the state. This is an important observation. Samuel P. Huntington pointed out long ago that the existence of insufficient institutional channels for communication increases the prospects for political violence and corruption.[10] Liu's observation about the limited opportunities for communication thus establishes a convincing explanation of why demonstrators took to the streets to protest corruption and why they were violently repressed.

Liu draws a provocative distinction between "dignified" and "efficient" institutions. He argues that institutions such as party congresses are "dignified" because they "excite and preserve the reverence of the population" and thereby gain popular legitimacy. He argues that institutions such as party committees and standing committees are "efficient" because they formulate policy (p. 61). Liu perceptively notes that the need for dignified institutions stems from the universal demand for democracy. He has put his finger on a central problem in Chinese politics: the divergence between legitimacy and power.

According to some cultural analysts, similar tensions exist in Japanese politics. Thinking about the difference between China and Japan, however, points out the obvious limits to this mode of analysis. Elections are far more important in Japan than in China, and the Japanese government is much more efficient. Furthermore, there is considerable evidence that in China, party committees are not efficient, and there is not much evidence that the existing system of people's congresses, for example, is legitimate or dignified in the eyes of Chinese voters. Liu's terminology is provocative, but does not quite work.

A deeper problem is that Liu's approach is too closely based on the structure of power in Western societies. Liu discusses institutions that have analogues in Western politics, such as political parties, people's congresses, the courts, and the police. Although Liu carefully explains the difference between the functions of Chinese institutions and those of their Western counterparts, he fails to point out that Chinese politics is different, not just because institutions have different functions, but because the structure of power and the relationship between state and society is different.

THE special character of socialist politics is made more evident in *Policy Making in China,* by Kenneth Lieberthal and Michel Oksenberg. This excellent book, which was written to help business people understand the workings of the Chinese bureaucracy, undertakes a highly detailed study of China's energy sector from the perspective of bureaucratic politics. One of its most important contributions is a convincing portrayal of the complexity and uncertainty of any undertaking that must navigate the Chinese bureaucracy.

Lieberthal and Oksenberg argue that the structure of China's bureaucracy explains much of the conduct of Chinese politics. Basic level organizations are called units or *danwei.* As Andrew Walder has pointed out, these units are not just productive or administrative organizations, like schools, factories, or government agencies. They are also social organizations that provide a wide range of daily necessities, and are also political organizations that play an indispensable role in organizing and controlling Chinese citizens.[11] *Danwei* are organized into systems or *xitong*—hierarchies of units linked both by their function (or the industrial sector they serve) and by bureaucratic principles of supervision and subordination. Lieberthal and Oksenberg find a lateral sprawl of competing and overlapping systems and labyrinthine relations between central, provincial, and local units.

Lieberthal and Oksenberg's case studies conclude that power is diffuse and that decision-making and implementation are cumbersome and time-consuming. For many reasons, the strategy of "building an independent society" is attractive to leaders at all levels. Units and systems often attempt to become self-sufficient, partly in order to avoid dependency on other units that are themselves self-centered and unlikely to respond to the needs of other units. Self-sufficiency is also a means of avoiding supervision from

[10]Samuel P. Huntington, *Political Order in Changing Societies,* New Haven, CT, Yale University Press, 1968.

[11]Andrew Walder, *Communist Neo-Traditionalism: Work and Authority in Chinese Industry,* Berkeley, CA, University of California Press, 1986.



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above. Policy-making thus requires a lengthy process of consensus-building in which the central leadership's initial seemingly authoritative pronouncements are little more than an attempt to build momentum in the direction the leadership would like policy to move. The policy eventually implemented often reflects the relative strength of those participating in the process instead of a rational response to the existing situation.

Lieberthal and Oksenberg argue that bureaucratic politics provides partial representation for social interests. Their model is a version of interest group analysis. The key difference is that in bureaucratic politics models, the key groups are all inside the bureaucracy. Lieberthal and Oksenberg maintain that social interests are still represented:

*Chinese leaders recognize neither the legitimacy of interest groups among the population nor the "right" of the populace to press the government and party with their demands. Rather, the Chinese feel that the officials themselves—often, it seems, at the highest levels—must identify the problems to be given formal recognition . . . . Policy advocacy is thus built into the state structure through the assigning of responsibilities and resources to various bureaucracies whose major purpose becomes surviving and pursuing their tasks. The Chinese leaders, for example, de facto incorporate peasant interests in flood control by assigning the Ministry of Water Resources to manage flood control. . . . Our data, therefore, suggest that neither a totally "top down" control image of the system nor a "bottom up" representation image is appropriate.* (pp. 398–400)

Burns and Rosen's *Policy Conflicts in Post-Mao China* undertakes and illustrates a similar analysis of semi-pluralism. The documentary materials collected in their volume bear testimony to the diversity of interests in post-Mao China. The collection includes sections on political socialization, political participation, industry, agriculture, and literature and art—each with a fine introduction by Burns and Rosen defining the parameters of the debate. The selections usually avoid official documents and emphasize instead selections from local and national newspapers. Only slightly dated, the selections vividly illustrate the official debate. For example, the section on political participation includes selections on the intent of the leadership to democratize the state and party, complaints about attempts by individual leaders to sabotage democracy, why it is necessary to prepare the masses to vote correctly, and problems encountered by newspapers attempting to report on real problems. The section on industry reveals a sharp conflict of interest between heavy and light industry over the allocation of investment. The authors present a very convincing case that reform allowed for increased autonomy and resulted in salutary conflict and debate.

BOTH *Policy Conflicts in Post-Mao China* and *Policy Making in China* are fine books, but the 1989 democracy movement has cast doubt both on the extent of the "partial pluralism" of bureaucratic politics and on the degree to which China's most fundamental problems can be discussed in the official press. Lieberthal and Oksenberg conclude that the main threat to the success of reform lies in the resistance of middle and lower-level cadres, who have gained power as decentralizing reforms further fragment authority. This analysis points to a serious problem, but in the spring of 1989, the main problem was not contradictions within the bureaucracy, but the inability of the state, and particularly high-level leaders, to respond to public demands. The quest of citizens and journalists for freedom of the press bore testimony to the limits of the official debate.

The constraints of the official press can be illustrated by contrasting *Policy Conficts in Post-Mao China* with *Seeds of Fire,* edited by Geremie Barmé and John Minford. *Seeds of Fire,* originally compiled in 1986, but published in the United States in 1988, gathers together "voices of conscience" that "do not conform with the mythology of the Deng Xiaoping *glasnost'* " (p. xiii). Although some themes and some authors, such as the investigative journalist Liu Binyan, appear in both books, Barmé and Minford place them in a significantly different context than do Burns and Rosen. *Seeds of Fire* documents the existence of another world of thought. The authors draw their selections from sources, such as literary journals and Hong Kong and Taiwan publications, that to outward appearances lie at the margins of Chinese politics. These selections are organized into sections with obscure titles such as Walls, Proledic, Spectres, Humanity, Thorns, and Mists. "Walls" examines barriers to creativity, freedom, and even human happiness. The selections in "Proledic" and "Fires" tell of those persecuted and incarcerated by the dictatorship of the proletariat.

*Seeds of Fire* also acquaints the reader with creative artists and cultural critics such as Bei Dao, Liu Xinwu, Liu Binyan, Wang Ruoshui, and Wu Zuguang. It reaches out to the absurdity of the "Not-Not Manifesto"[12] and explores the oppression and exploitation of Tibet. The contrast between this world of thought and the official world is



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highlighted by frequent juxtaposition of original works and official criticisms that make the official world appear absurdly harsh and inhumane.

If the 1989 democracy movement had not occurred, the selections in *Seeds of Fire* could be understood as the isolated opinions of a few avant-garde intellectuals. When it did occur, an enormous chasm between the Chinese state and Chinese society became apparent. Ideas that had appeared isolated and marginal were revealed to be, in fact, embraced by large numbers of people. Once students broke down police barricades and entered Tiananmen Square, many Chinese discovered that private misgivings were actually public concerns and that the "normal" limited range of opinion was actually the abnormal result of political coercion. As citizens assembled to shape and extend the new civic awareness, the government appeared increasingly absurd, irrational, and isolated.

SOME supposed limits of Chinese culture were surmounted, or at least pushed back during the spring of 1989. Domestic and foreign commentators have long pointed to the Chinese propensity to establish patriarchal relationships as one explanation for China's failure to develop democracy. Chinese are said to crave the security of a great leader who rules by strength of personality instead of law while the common folk respond as subjects, not citizens. State propaganda tacitly encourages this by asserting that demands for democracy and individual rights are selfish and can only result in chaos. The 1989 democracy movement showed a very different political paradigm. Public order was maintained throughout the democracy movement. From the very beginning, students were careful to keep order during demonstrations and eschew violence. In Beijing, the crime rate fell as thieves declared a work stoppage and students directed traffic. When violence did occur in the early stages of the movement, it was more the result of the authorities' truculence and incompetence than any aggressive intent from the demonstrators.[13]

The democracy movement also consistently called for strengthening the legal system. From the outset, demonstrators demanded the enforcement of existing laws to check corrupt party leaders. Some individuals used their new freedom of speech to criticize existing institutions, but the mainstream did not call for revising the Constitution or challenge the party's right to lead the government. On the contrary, even after the authorities had declared martial law, students merely asked that the National People's Congress convene a special meeting to exercise its constitutional powers to recall individual leaders and to revoke martial law.

During this period, citizens from many different walks of life also began to act according to the classic model of citizenship. They created independent civic organizations to seek the common good. These organizations achieved only mixed results. For example, no student organization managed to consolidate its leadership of the student movement. Instead, after each major controversy, those who disagreed with the direction of the more influential organization would break away and organize a new leadership. The ensuing proliferation of leading groups limited the scope for central decision-making and made tactical maneuvers extremely difficult. Journalists, intellectuals, workers, and other citizens attempted to organize later, but their accomplishments were even more limited. Despite the inability of the democracy movement to build an organization like Poland's Solidarity that could bring together representatives of the whole of society, students and others made considerable progress. The memory of these organizations and the experiences they gained will not die.[14]

The common observation that Chinese students lacked a definition of democracy is not entirely fair. Han Minzhu explains:

*If students and other young Chinese, with few exceptions, could not or did not provide precise, comprehensive formulas for establishing a democratic form of government, they had clear ideas about what a democracy represented and about what they desired: the right of people to have a say in their government's policies; the right of individuals to choose their own values, careers, and places of residence; the subjugation of personal power to the rules of law; and freedom of speech, assembly, and the press. And they did see lucidly how their country's present political system of Communist party control and Marxist ideology had created a state of autocracy that was the antithesis of democracy . . . .*[15]

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[12]The Not-Not Manifesto was issued in Chengdu in 1986. The manifesto states that "Not-Not" results from "deconstructing the relationship between man and objects to their precultural state. . . . Not-Not is not the negation of anything. It is only an expression of itself. . . . Not-Not knows no time. It communicates via intuition. . . . The reduction of the lofty—irony—is the hallmark of Not-Not, but that is not all that Not-Not is. As a new form of artistic perception, Not-Not is a type of revelation, a method. . . ." (p. 405).

[13]See Han Minzhu, op. cit., for an eyewitness account of the violence that accompanied early demonstrations in Xi'an.

[14]Corinna-Barbara Francis provides a very powerful argument to this effect. See "The Progress of Protest in China: The Spring of 1989," *Asian Survey*, Vol. 29, No. 9, 1989, pp. 898–915.

[15]Han Minzhu, op. cit., p. 139.



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Yan Jiaqi, an active participant in the democracy movement and a leader of the movement in exile, goes even further. He contends that the 1989 events demonstrated "that the university students and people of China are no different from people in the rest of the world: they hold the same convictions about democracy, freedom, the need for rule by law, and human rights."[16]

TO SUM up, the democracy movement tells us that the kind of thinking that led to the collapse of communism in Eastern Europe is also occurring in China. Chinese are forming an autonomous civil society that will continue to challenge the limits of state power. Of course, Chinese culture is different from Western culture, and China has had a different history from Eastern Europe. China also is a poor and rural country. All of this means that in China, as in Romania and Bulgaria, civil society is weaker than in Poland, Czechoslovakia, and Hungary. As a result, civic politics are harder to establish, and the road toward democracy is longer and less certain. Indeed, it is not certain that any of these countries will establish a stable democracy. Nevertheless, all of the democracy movements of 1989, including China's, were committed to human rights, human dignity, democracy, legality, and truth and morality.

Calling attention to the emergence of civil society in China does not mean that the books reviewed in this essay do not illuminate important aspects of Chinese politics. It only means that we must be careful to avoid assuming that the leadership's values are the same as society's, that all Chinese have immutable values that preclude the development of democracy, that the partial pluralism of bureaucratic politics reflects the most important debates, or that the mainstream press asks the most important questions. We must be aware of oppression that we do not necessarily see directly and recognize the importance of voices that we cannot always hear clearly.

[16]Ibid., p. vii.



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# Gorbachev's Unfinished Revolution

**Alfred Evans, Jr.**

TARIQ ALI. *Revolution from Above: Where Is the Soviet Union Going?* London, Hutchinson, 1988.

GEORGE W. BRESLAUER, Ed. *Can Gorbachev's Reforms Succeed?* Berkeley, CA, Berkeley-Stanford Program in Soviet Studies, 1990.

SUSAN L. CLARK, Ed. *Gorbachev's Agenda: Changes in Soviet Domestic and Foreign Policy*. Boulder, CO, Westview, 1989.

BARUCH A. HAZAN. *Gorbachev and His Enemies: The Struggle for Perestroika*. Boulder, CO, Westview, 1990.

ZDENEK MLYNAR. *Can Gorbachev Change the Soviet Union? The International Dimensions of Political Reform*. Translated by Marian Sling and Ruth Tosek. Boulder, CO, Westview, 1990.

FRANÇOISE THOM. *The Gorbachev Phenomenon: A History of Perestroika*. Translated by Jenny Marshall. London, Pinter Publishers, 1989.

ILYA ZEMTSOV and JOHN FARRAR. *Gorbachev: The Man and the System*. New Brunswick, NJ, Transaction Books, 1990.

STEPHEN WHITE. *Gorbachev in Power*. Cambridge, Cambridge University Press, 1990.

SINCE his March 1985 accession to the post of general secretary of the Communist Party of the Soviet Union, Mikhail Gorbachev and his program of reform have attracted intense worldwide interest. Nearly six years later, the General Secretary's reforms remain unfinished and lack firm institutionalization, and his tactical accommodations to conservative elements have already lowered opinion of him among the most avid reformers. Much has been achieved, yet much remains to be done.

The Gorbachev phenomenon has called forth a flood of writings on reform in the Soviet Union, even though the rapid pace of change there renders most such reports out-of-date as soon as they appear in print, if not before. As the books under review demonstrate, analyses of the reforms initiated by Gorbachev have offered widely differing interpretations of the purposes and implications of those changes in structures and policies, and have advanced contrasting assessments of the prospects for the success of *pererestroyka*.

THE book by Tariq Ali is similar to the on-the-scene reporting of well-informed political journalists in Western and Asian democracies. A series of topical essays on Soviet politics in 1987 and 1988, the book is based largely on extensive interviews with well-placed Soviet sources. Ali expresses the enthusiasm of one who is caught up in the excitement of increasing political openness and intellectual honesty in the USSR under Gorbachev, and sees in *perestroyka* and *glasnost'* the prospect for the revitalization of the socialist idea.

Ali describes political processes in the USSR as characterized by increasingly open debates among those defending contending positions, and by ever more open appeals by political leaders for support from a wide range of groups in the population. Also, although he is aware of each leader's desire to

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maximize his power, he attributes leaders' policy positions primarily to their objectives for Soviet society and their affinity for the interests both of groups of citizens and of officials in authoritative institutions.

Ali sees the reforms since 1985 as creating a basic conflict between reformers, led by Gorbachev and supported most ardently by intellectuals, on the one hand, and conservative mid- and lower-level party and state *apparatchiki,* whose apprehensions were expressed by Yegor Ligachev, on the other. However, this dichotomous view overlooks much of the complexity of the contemporary Soviet political spectrum. For example, Ali does not attempt to assimilate his description of Boris Yel'tsin's divergence from Gorbachev after October 1987 to his classification of supporters and opponents of reform.

Ali correctly observes that the 19th Conference of the CPSU in the summer of 1988 "represented a political stalemate and a compromise" (p. 56), and it may be added today that the stalemate that became evident on that occasion has persisted to the present, posing ever greater problems for the functioning of the Soviet system. He is also on target in reporting that the process of change opened up under Gorbachev is so deeply rooted "that halting the process now and standing still would create an enormous backlash," and that what has already taken place in the USSR "is merely the beginning of a process," or "the opening shots of what might be a long battle" (pp. 205, 218). Although Ali's analysis is optimistic, he reaches no definite conclusion about the prospects for the success of reform in the Soviet Union.

THE collection edited by George Breslauer brings together brief essays by some of the best-informed scholars of contemporary Soviet political, economic, and social life. The collection is the product of a conference at the University of California at Berkeley in April 1989 for high school and college teachers of social studies (some of the contributions were revised and updated later in the same year).

Breslauer's wide-ranging and closely reasoned introduction to this slim volume points out that political reform has run ahead of economic reform in the USSR (pp. 2–4), with the potentially destabilizing consequence that opportunities for the expression of discontent have expanded, while improvements in economic conditions have not been felt by the population. (Indeed, by 1990, there was a widespread popular perception in the USSR that general material well-being had sharply deteriorated since the onset of *perestroyka.*)

Breslauer reviews the factors favoring reform in the USSR and the factors hindering reform, and concludes that positive and negative forces are balanced so evenly as to give crucial importance to the role of political leadership in steering a course of change capable of winning popular support. Nevertheless, he warns of the limited validity of relying on leaders' attitudes as predictors of the outcomes of reforms. Breslauer aptly quotes Peter Hauslohner's observation that during a transition to a more democratic political system "sometimes a ruling elite will initiate a process over which it loses control" (p. 29). The implication of Breslauer's analysis is that Gorbachev has played a difficult role in attempting to deal with strongly opposed forces in Soviet politics and trying to maintain a balanced base of support while the nature of the political process has been undergoing constant and fundamental change.

Other contributions to the volume also reveal the interplay of the themes of rapid transformation and incomplete change. Herbert Levine emphasizes the contradictions created by partial economic reform in the USSR. New institutions have been created while the old ones have been maintained. As has become increasingly evident, the preservation of old patterns of formal and informal economic organization hampers the emergence of new relations fostered by reform.

Victoria E. Bonnell shows that the "new kind of mass mobilization" sustained by the voluntary associations that have proliferated in the USSR in recent years (p. 66) coexists with more traditional and centralized political structures that, although weakened, still have considerable power. Blair Ruble traces the gradual transformation of Soviet society in the decades after World War II, and argues that steady increases in urbanization and the level of education of the population resulted in the emergence of new social groups, whose demands have given rise to the new type of political participation depicted by Bonnell. The evidence reviewed by Ruble gives credence to Bonnell's contention (pp. 70, 74) that the trend toward expanded interest articulation on the part of Soviet citizens could not be easily reversed.

THE collection of studies assembled by Susan L. Clark—the product of a series of seminars sponsored by the Institute for Defense Analysis (Alexandria, VA)—consists of detailed treatments of a large number of subjects. In fact, the diversity of the chapters precludes the integration of the collection around a central theme, and the book does not contain a comprehensive overview. Nevertheless, the editor has obviously taken great care in the selection of contributions to the volume, since all are of high quality.

Astrid von Borcke, in discussing the potential for the success of political reform in the Soviet system, identifies a basic paradox facing Gorbachev; although he has conceived of



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the Communist party as "the vanguard, motor, and guarantor of *perestroyka,* . . . in reality, the party is not the solution, but the most crucial part of the problem" (pp. 33, 34). Since the spring of 1989, when von Borcke finished updating her essay, it has become apparent that the party apparatus has resisted democratization more staunchly and successfully than most other institutions.

Elizabeth Teague's chapter discusses potential sources of support for and opposition to reform, not only among political officials, but also among the general Soviet population. The core of her chapter is drawn from the schematic perspective on attitudes toward *perestroyka* among groups in Soviet society offered by Tat'yana Zaslavskaya, a prominent Soviet sociologist and advocate of restructuring. Zaslavskaya's typology is noteworthy as the most sophisticated analysis of political attitudes among social groups that has yet been published by a Soviet social scientist. Though she believes that both sympathy for reform and antipathy toward change are widely distributed in Soviet society, Zaslavskaya contends that supporters of *perestroyka* predominate among the creative intelligentsia, the scientific and technical intelligentsia, and highly skilled workers. By contrast, most economic administrators, most officials in trade and services, and many unskilled workers will be harmed by the abandonment of the old economic order (pp. 71–80). It has become apparent that Zaslavskaya is correct in concluding that opposition to reform is found not only among party and state *apparatchiki,* but also among many other groups in the population as well. However, as Teague notes, Zaslavskaya's framework is not truly comprehensive, and her generalizations still lack empirical confirmation.

Nieves Bregante's chapter on nationalist unrest in the USSR notes that *glasnost'* has allowed nationalist claims to come out into the open. Bregante reports that Gorbachev's relative unawareness of the depth of national passions during the early period of his rule was replaced by growing recognition of the force and significance of those passions. Though Gorbachev has acknowledged that previous Soviet leaders underestimated the gravity of the demands posed by the nationalities of their country, his commitment to the maintenance of a centralized political system imposes limits on the kinds of change he is prepared to allow (pp. 101, 103). That insight by Bregante has stood the test of time, and is highly pertinent in explaining Gorbachev's reaction to the demands of the most restive nations of the USSR in 1990 and early 1991.

THE central thesis of Baruch Hazan's book is that the advance of reform in the USSR under Gorbachev has activated a broad coalition of opposition (pp. 2–3). He chooses to classify both "conservatives" like Yegor Ligachev and radical reformers like Boris Yel'tsin as among Gorbachev's opponents, neglecting the question of which of the critics of Gorbachev's strategy are fundamentally opposed to his objectives. Among the right-wing opponents of *perestroyka,* Hazan distinguishes between "bureaucrats" (party and state officials) and "conservative fundamentalists," who are seen to be motivated by ideological convictions and scattered among many sectors of society (p. 221). He also argues that the conservative opposition to Gorbachev's reforms includes the leadership of the Soviet military and the KGB, neither of which he sees as likely to carry out a coup against civilian political leaders, but both of which he regards as participants in a coalition seeking to frustrate or reverse the reform.

Although Hazan documents his points carefully, he exaggerates the unity of each of the institutions that he believes to be conservative in orientation. He neglects the differences in values within each, as evidenced since 1989 in the open clashes on a number of issues between military officers elected to legislative bodies on various levels. The vigorous advocacy of reforms in the military by some legislative deputies who are field-grade officers should warn us of the dangers of generalizing too confidently about the outlook of "the military" or any other large organization in the USSR.

It is difficult to quarrel, nevertheless, with Hazan's contentions of the hardening resolve of opponents of reform in elite positions and the growing tendency for such elements to find a common cause. Those themes are played out through his review of the familiar landmarks of Soviet politics of 1987, 1988, and early 1989, such as Yel'tsin's fall from grace, Nina Andreyeva's broadside against reform in *Sovetskaya Rossiya,* the counterattack spearheaded by an editorial in *Pravda,* the 19th Conference of the CPSU, Yel'tsin's comeback as the voice of popular discontent, and the stunning rejection of major party *apparatchiki* in the legislative elections of spring 1989. Hazan agrees with Tariq Ali that the split between Yel'tsin and Gorbachev in the later part of 1987 was a key event in that it encouraged Gorbachev to shift toward the center of the Soviet political spectrum—"to distance himself from the radical wing of the reform movement and appear to be a supporter of a moderate pace of reform" (p. 105).

Hazan also attaches significance to the 19th Party Conference in the summer of 1988 as frustrating Gorbachev's apparent intention to use the gathering to carry out the wholesale replacement of Central Committee members and regional party officials who resisted *perestroyka.* However, he adds that the conference



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was also important in providing a forum for open debate over the country's problems, granting a broad mandate for the principles of restructuring, and therefore *"enhancing the political awareness of the Soviet people"* (p. 203; emphasis in the original). However, though Gorbachev was subsequently able to use other forums to achieve much of the turnover in personnel that he evidently sought, the 19th Party Conference accentuated the growing divergence between rising expectations and the incomplete results achieved by restructuring.

Hazan concedes that Gorbachev's tasks are not easy, but argues that he has two major advantages. First, Gorbachev's diverse opponents lack unity, and thus "have no single platform of resistance to *perestroyka*" (p. 6; see also p. 295). If one speaks only of the conservative opposition to reform, however, it might be argued that a fairly wide range of opposition forces have coalesced since the autumn of 1990.

The other key asset that Hazan attributes to Gorbachev is the tactical flexibility of a shrewd political realist. The Soviet General Secretary and President has avoided sharp confrontations in times of vulnerability, while striking deals with his opponents to disarm their resistance and maintain the appearance of consensus (pp. 278, 289). As Hazan acknowledges, such compromises have put Gorbachev in the ambiguous position of relying on officials hostile to his program for the execution of his proposals. With foresight, Hazan suggests that Gorbachev will eventually come to a decision point, when he must either mobilize "greater popular support against the apparatus" or use the "apparatus to motivate the Soviet people to make greater efforts in order to realize radical economic reforms" (p. 294).

One might make the case that precisely such a point was reached in the aftermath of the 28th CPSU Congress, which revealed that most of the party apparatus was impervious to democratization. This is a matter of interpretation, however, and Gorbachev appears to be continuing his balancing act in early 1991, still trying to maintain the support of traditionally authoritative institutions while trying to convince the public of his continued dedication to reform. Whether Gorbachev is still manipulating those organizations to his purposes, as Hazan saw him doing in earlier stages of his leadership, or those institutions are now decisively shaping his actions, is the subject of a debate whose resolution will probably come only with the benefit of hindsight.

IN contrast to Hazan, Zdenek Mlynar does not attempt to present a detailed description of the ins and outs of Soviet leadership politics. Instead, Mlynar's discussion, which draws on a knowledge of trends in the USSR but often verges on the hypothetical, concerns the cultural and institutional determinants of a successful reform in that country.[1] Most of the chapters in Mlynar's treatise were written in the summer of 1988, when the author was fairly optimistic concerning the prospects for reform in the Soviet Union; a postscript to the work, added in April 1989, recorded more cautious reflections on the obstacles encountered by restructuring.

Even in the original chapters of his book, Mlynar had identified the main obstacle to *perestroyka* as a set of cultural attitudes rooted in prerevolutionary Russian tradition, and engendered by authoritarian decision-making and the dominance of society by the state. "In Russian history, modernization has been achieved . . . through the process of copying selected features of more advanced Western countries while keeping other spheres of social life unchanged" (p. 27), a pattern characteristic of Peter the Great, and perhaps also of Mikhail Gorbachev. The result of that pattern of development is the discontinuity between a Soviet economy possessing modern industrial technology in some sectors and the "powerful elements" of the "pre-capitalist, semi-feudal past" that persist in social and political life (p. 28).

Evidently, Mlynar agrees with those who contend that the increasing industrialization and urbanization of the USSR over the last several decades have swelled the ranks of groups who are dissatisfied with the authoritarian practices of the Soviet regime. He considers the key question for the future of reform in the USSR to be the extent to which "interests, needs, and aspirations" of groups in Soviet society can be expressed within the structures of the Soviet political system. Mlynar astutely observes:

*If the qualitative changes programmed by Gorbachev are to become truly irreversible, and if they are to be independent of the personalities of the party and state leadership, they must be anchored institutionally.* (p. 3)

Mlynar acknowledges that despite pressures for change in the relationship between society and the state in the USSR, aside from the flourishing of voluntary associations of citizens, the institutions of the Soviet political system have remained "virtually unchanged by the reform policy" (p. 43). He is nevertheless optimistic about the possibility of gradual reform of existing institutions to permit the growing representation of diverse interests. Indeed, he concludes that the breadth and complexity of the changes required to

[1]Mlynar was Gorbachev's roommate at Moscow State University. He was later a high-ranking communist official in Czechoslovakia and one of the architects of the attempted reforms in that country in 1968.



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reform the USSR necessitate a strategy of incrementalism. "The tasks that I have mentioned can be fulfilled in Soviet society (if they can be fulfilled at all) only if the long-term reform, both 'from above' and 'from below,' takes place in an incremental way" (p. 40; see also p. 44).

The most essential change would be alteration of the character of the core institution in the Soviet political system. Mlynar sees hope for the gradual transformation of the Communist party from a mechanism of authoritarian control into an instrument of democratic representation (pp. 53–55). The optimism of his prognosis for the reform of the CPSU is tempered by his awareness of the traditional authoritarian strains in Russian and Soviet political culture, however. Moreover, Mlynar admitted in 1988 that the key problems of radical democratization of the Soviet political system remained largely unresolved (p. 56), and in 1989, he added that the struggle to adapt political institutions to representative functions was complicated by the decline of living standards of Soviet citizens and the sharpening of nationality conflicts (pp. 158, 161–62).

WHERE Mlynar accepts at face value Gorbachev's commitment to introduce greater pluralism into Soviet politics, Françoise Thom seeks to disabuse her audience of the genuineness of Gorbachev's stated objectives. Thom does acknowledge that festering social and economic problems did cause alarm among the Soviet Communist party leadership by the middle of the 1980's. She argues that the most threatening trend for that leadership was the growth of organized crime and its influence in the party apparatus (pp. 17–21), a thesis that leads her to view *perestroyka* as primarily an anti-corruption campaign.

She believes that the reforms announced by Gorbachev have been designed to intensify the control of the highest party leaders over society. She dismisses the public rationale for those changes as a vast disinformation campaign. Thom concludes that *glasnost'* involves the manipulation of information by the party elite for its own purposes, partly to charm the West and partly to check up on local officials and discredit those reluctant to follow "the party line" (p. 32). The endorsement of social pluralism means, Thom argues, that "the Gorbachevites . . . are camouflaging the party's power as much as possible instead of flaunting it as in Stalin's and Brezhnev's time," so that "the party is trying to stage an ostensible withdrawal from society without giving up any real power" (p. 47). She insists that the legislative elections of spring 1989, "rather than representing a 'triumph of democracy' as the Western media euphorically declared, were a cynical exploitation by the Gorbachevites of the Soviet people's desire to be rid of their oppressors" (p. 52).

Thom is unwilling to concede to Gorbachev the intention to achieve significant reform in any area. Apparent innovations in ideology only signify that "bogus concessions are advertised, roads leading to nowhere are opened, fierce controversy [is] whipped up over nonexistent issues" (p. 60). Even the stimulation of the expression of discontent among Soviet nationality groups is viewed as a ploy by the central leadership to divide political opposition and provide a "dangerous but controllable" safety valve to relieve resentment over accumulated grievances (p. 77).

Naturally, Thom heaps contempt on Gorbachev's "new thinking" about international relations: "the traditional Leninist rhetoric has been shelved for the sake of Leninism" (pp. 90–91). Gorbachev's charm offensive is seen as aimed at reassuring the West of the benign intentions of the Soviet regime, while masking the reality that only the means to attain traditional Soviet objectives have changed, not the objectives themselves. The maxim followed by the foreign policy of the current Soviet administration is, according to Thom, to "ensure that the majority of sacrifices are of a symbolic order, while the gains are tangible and real" (p. 93). Accordingly, Thom adamantly denies that Gorbachev has brought any real change in Soviet goals for Eastern Europe. "Courtship of the Western nations is being accompanied by increased attempts at integration of the Council for Economic Mutual Assistance countries, all disguised by rhetoric urging the right of each nation to choose its own path to socialism" (p. 94).

Questions about the purposes of the changes that Gorbachev has initiated, and about the relationship between stated goals and implicit functions, are well worth attention. It is easy to recall that during the first few years of Gorbachev's tenure, some able analysts voiced caution concerning the relationship between the rhetoric and the substance of his announced reforms. There is still ample evidence today to warn against attributing to the Soviet President a firm commitment to democratic principles.

Yet, it is no longer tenable to contend that the changes that he has sponsored have not notably altered power relationships within the Soviet Union or within the Soviet-led alliance system. In describing the Soviet Communist party leadership as an internally undifferentiated entity and treating "Leninism" as something unchanging and monolithic, Thom rejects criteria that might be used to assess qualitative transformation. Lacking such benchmarks for significant change, she is able to dismiss any alterations as insignificant. Moreover, by failing to recognize gradual changes in an authoritarian system,



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this simplistic approach cannot identify the buildup of pressure for deeper and more rapid transformation.

COVERING the actions of Gorbachev's administration through June 1987, Ilya Zemtsov and John Farrar show greater awareness of the contradictory imperatives facing the Soviet leadership. They argue that Gorbachev came to power seeking to revitalize the Soviet system through superficial changes. They dismiss the reforms that he introduced during his first two years as general secretary as "essentially cosmetic, barely touching the system itself" (p. xii; see also pp. xi, 8, 84), or little more than a public-relations campaign—"an attempt to kindle enthusiasm and promote the Soviet image abroad" (p. 360).

Yet, Zemtsov and Farrar believe that Gorbachev's drive to improve the image of the Soviet Union and the performance of its economy will undermine the system of power, which, in their view, he wishes to preserve. They contend that his attempts at token reform will show that the Soviet system cannot be revitalized without basic changes in power relationships, and that the frustration of his objectives will stimulate a movement for fundamental change, whose growing momentum the leaders could find impossible to control (pp. xii, 68, 83, 356, 347, 360, 361, 382). "In effect, the moderate tinkering at the edges of the system may have put a result-oriented leadership on the path to a slippery slope leading to ever more extreme tinkering and possibly to real reform" (p. 83).

Zemtsov and Farrar foresee the leadership as eventually facing a dilemma when the inherent contradictions of its objectives become apparent and it is forced to choose between the preservation of rule by the party elite or the transformation and revitalization of the society (pp. xii, 356, 359). At the point when that dilemma can no longer be evaded, Gorbachev "will have to choose between two basic options": maintaining the command economy and authoritarian political system, or undertaking "major systemic reforms of the economy and, possibly, of the body politic" (pp. 381–82).

The authors do not attempt to predict which of these options would prove more attractive to Gorbachev. They imply that the choice might slip beyond his control at the crucial point of decision, but they also suggest perceptively that at that point "the actual opposition to Gorbachev's policies could come not from the party elite, but from Gorbachev himself" (p. xiii).

The general interpretation offered by Zemtsov and Farrar is sensitive to the conflicting objectives of the programs unveiled during Gorbachev's first two years in power. However, their reading of the primary significance of the reforms announced by Gorbachev wavers between different positions. Was the Soviet Communist party leader merely announcing slogans designed to legitimate his personal power, rekindle mass enthusiasm, and enhance the Soviet Union's image in the eyes of the outside world (pp. 353–54)? Or, was the main purpose of his reforms the realization of genuine improvement in the performance of the Soviet economy (pp. 49–50)? The view of Gorbachev held by Zemtsov and Farrar appears to have been in transition while they were writing their book, and as a result, their answer to these questions appears equivocal.

When commenting on the specific changes introduced by Gorbachev, however, they invariably endorse a skeptical view of his intentions. They insist that *glasnost'* is a form of "doublespeak" that retains the orthodoxy of socialist realism (p. 101); that Gorbachev's overtures toward the West have objectives similar to Brezhnev's policy of détente (p. 109); that the Soviet leadership seeks "to put real teeth into a comprehensively conceived integration" of Eastern Europe under Soviet economic domination (p. 211); that Soviet Third World policy continues to be focused primarily on "the struggle with the West" and the protection of Soviet gains (p. 247); that Soviet military doctrine "has been remarkably stable and consistent" since the 1950's and early 1960's (p. 335); and that Gorbachev's military doctrine is designed to achieve victory in conventional warfare in Europe without the use of nuclear weapons (p. 342). Not a single one of those interpretations of the scope and thrust of proposals advanced by Gorbachev has proved to be accurate.

Even before 1987, there was controversy among scholars studying Soviet politics and Soviet foreign policy over the degree of real change in each policy area mentioned above. In some areas, there was already evidence of a significant shift in Moscow's outlook, yet neither that debate nor the evidence is acknowledged by Zemtsov and Farrar. For example, their interpretation of the Gorbachev leadership's approach to the Third World is far off target. A number of Western specialists writing on Soviet policy toward the Third World have argued persuasively that Gorbachev and his advisers have rejected the view of the less-developed regions as primarily an arena of competition between socialism and capitalism. These specialists also contend that the current Soviet leadership is skeptical concerning the value of the "gains" achieved in formerly colonial areas under Brezhnev and of the prospects for progress in so-called "states of socialist orientation."[2]

[2]Sylvia Woodby, "The Death of a Dream? Gorbachevist Revisions of Marxism-Leninism for the Third World," in Sylvia Woodby and Alfred Evans, Jr., Eds., *Restructuring Soviet Ideology: Gorbachev's New Thinking*, Boulder, CO, Westview, 1990, pp. 161–91.



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Such conclusions draw on writings in Soviet scholarly literature dating from the 1970's and on speeches by Soviet leaders from the early 1980's on.

Zemtsov and Farrar also underestimated the extent of the pressures building up for change in the Soviet system before 1985, and the force of Gorbachev's challenge to Soviet domestic structures and Moscow's policies toward the outside world. They attempted to explain Gorbachev's actions by referring to the examples furnished by previous Soviet leaders, believing, for example, that in one instance he borrowed tactics from Khrushchev, and in another he imitated Brezhnev's methods. Though there certainly are elements of continuity between previous Soviet communist leaders and Gorbachev, portraying him "as but one more variant in a consistent train of Soviet leaders" (p. 367) does not do justice to the qualitatively different character of his reforms, which in the breadth and radicalism of their conception are without precedent in the USSR.[3]

THE generalizations made in Stephen White's survey of Soviet politics during Gorbachev's first five years in power are much more restrained than those by Zemtsov and Farrar, but White's book is more successful in conveying a sense of both the breadth and ambiguous implications of the reforms introduced by Gorbachev. White provides a comprehensive political history of the Soviet Union from the time of Gorbachev's accession to the post of General Secretary of the CPSU in March 1985 to the time of his election as President of the USSR in March 1990. Through the skillful use of a wide range of Soviet sources, White reviews not only leadership politics but also reforms in political structures, the coming of *glasnost'*, the progress of economic reform, tensions in nationality relations, and changes in the Soviet Union's stance in international politics. His analysis of trends in each area is well informed, objective, and lucid.

Though White makes few broad generalizations, his comments on specific changes do capture the essence of the outlook of Soviet reformers. In the initial stages of reform, for Gorbachev, the highest priority was "the improvement of economic performance and of rates of growth in particular" (p. 88). He notes that by January 1987, Gorbachev had come to realize that "economic reform was conceivable only in association with far-reaching 'democratization' of the political system" (p. 23). Thus, changes in public discourse and political institutions were merely instrumental to economic objectives. Within a short while, however, other advocates of reform, such as Aleksandr Yakovlev, began to insist that "the larger purposes of *perestroyka* were ethical" (p. 194), aiming at the revival of basic moral norms protecting the freedom and dignity of the individual. That viewpoint regards democratic rights as ends in themselves rather than as means to the achievement of economic growth or technological advancement.

White also accurately describes the ambiguities that still plague Gorbachev's program of change after several years of the drive for restructuring. He reports that "five years or more into the new administration, the nature of Gorbachevian socialism remained frustratingly elusive" (p. 183); that the Communist party's " 'crisis of confidence' reflected a deeper uncertainty about its function under conditions of *perestroyka,* and indeed about the direction in which the society as a whole was meant to be moving"; and that a fundamental problem of reform "was precisely the lack of a coherent and convincing vision of the manner in which Soviet society was to develop under the party's leadership" (p. 211). Uncertainty about the content of Gorbachev's vision of a future society of "humane, democratic socialism" and the means by which he proposed to create such a society drew impatient criticism from a variety of Soviet citizens by 1989, but was not allayed by the words or actions of the leadership, thus contributing to the intensification of doubts concerning Gorbachev's intentions during 1990 and early 1991.

THE books reviewed here reflect to varying degrees a broadening of the focus of studies on Soviet politics. Kremlinology was long associated with the interpretation of every ideological pronouncement and policy initiative of Soviet leaders in terms of the struggle for power within the inner circles of the elite. By contrast, current efforts to understand developments in Soviet politics take into account a wide range of factors, including economic conditions, popular attitudes, the demands of social groups, and the behavior of political activists and lower-level bureaucrats.

The principal reason for the widening of the focus of studies is the awareness that the setting in which Soviet leaders operate has been greatly altered, as the gradual changes in the Soviet political system during several decades after Stalin's death have given way to radical transformation during the Gorbachev period. The broadening of the arena of Soviet politics means that the process of political competition has been brought much more into the view of the public, and that the public has entered the arena as an independent and powerful force. Struggle within the leadership is still a reality, but some of the key resources needed for the maintenance of pow-

[3]Though the book by Zemtsov and Farrar includes an extensive bibliography, it lacks footnotes. That omission is unfortunate, since it often makes it difficult to identify the sources of specific statements to which the authors refer.



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er have changed, and thus the requirements for a successful strategy in leadership politics have changed as well.

There is a feeling among the authors of most of the works reviewed that the changes in Soviet politics stimulated by Gorbachev's reforms have acquired a powerful momentum. As Victoria E. Bonnell puts it, Gorbachev has let the genie of change out of the bottle, and that particular genie will not go back in. The commitment to reform may have been announced initially by the top Soviet leader, but it has become apparent over the last few years that Gorbachev unleashed a movement for change that by now has become so broadly based and diverse that it is beyond the power of the Soviet President or anyone else to control it. In the course of becoming broader and deeper, the movement for change has fragmented, and has taken on some aspects that the chief architect of *perestroyka* regards as negative and destructive.

Despite the startling changes that have taken place in Soviet politics since 1985, however, the process of transformation launched by Gorbachev remains incomplete, and the prospects for its success must be judged uncertain. Many observers argue that after several years in power, Gorbachev is still unable to articulate a clear and convincing vision of the future. In a way, that charge is surprising.

By 1989, Gorbachev's radical revisions of Marxism-Leninism had progressed to the point of ostensible endorsement of values closely akin to those of European democratic socialism, suggesting the need for a rapproachement between Soviet and Western culture.[4] In early 1990, Gorbachev even acquiesced, perhaps reluctantly, in extending the scope of socialist pluralism to allow competition among a multiplicity of political parties.

If Gorbachev has pointed out the direction in which he supposedly wants Soviet society to travel with his vision of "humane, democratic socialism," why is it said that his position on the major issues facing the USSR is uncertain? The source of doubts about Gorbachev's stance is the growing inconsistency between his programmatic statements on goals for Soviet society and his actions in response to the immediate problems plaguing that society in a time of deepening crisis.

By the beginning of the 1990's, Gorbachev and his advisers had committed themselves in principle to the dismantling of central economic planning and the creation of an economy in which each productive enterprise would be exposed to competition in the domestic (and eventually the international) market. However, the Soviet leadership continued to delay the implementation of the changes crucial to privatization and marketization, even in the face of ever more irrefutable evidence of the damage to living standards and popular confidence caused by partial and ineffectual reforms in the centrally controlled economy.

Decisive reform was postponed partly because of the leaders' fear of an explosive popular reaction to the elimination of state controls on the prices of food products, many of which are highly subsidized by the state. The potential of widespread popular discontent with such a painful measure would be viewed with great apprehension even by the leaders of the government in a stable democracy. But while such leaders would have to worry about losing control of the government in the next election, Gorbachev must reckon with the possibility that mass unrest might destroy Soviet political institutions.

Gorbachev and his colleagues are exceptionally vulnerable to a reaction against policies imposing sacrifices on large numbers of citizens because the political institutions which they head do not possess a high degree of legitimacy in the eyes of the Soviet people. Gorbachev himself contributed most prominently to the weakening of the legitimacy of the regime by criticizing it as an "administrative-command" system that engenders political, economic, and social alienation.

More fundamentally, Gorbachev undermined the stability of established political structures in the USSR by introducing changes that allowed an enormous expansion of popular participation in politics. Opening the mass media to the public disclosure of problems allowed citizens to express their complaints and scholars and journalists to offer their own independent views. In turn, this made it possible for the opinions of segments of the public to coalesce behind the spokesmen whose viewpoints they found congenial. The rapid proliferation of voluntary associations, at first described as "informal" or "unofficial" groups and more recently dignified by the label of "public" (*obshchestvennyye*) associations, and the tendency of many of those organizations to become directly involved in politics provided vehicles for the mobilization of activist citizens and the expression of social groups' demands for government action. Competitive elections in many districts for the selection of representatives to the USSR Congress of People's Deputies in the spring of 1989 and for seats in local and republic soviets in 1990 offered further opportunities for voicing citizens' wishes, and injected spirited debate into assemblies on all levels, debate that reflected the clash of interests and values of

[4]M. S. Gorbachev, "The World of the Future and Socialism," *Rabochiy Klass i Sovremennyy Mir* (Moscow), No. 2, 1990, p. 10. The tone of this essay, written originally for publication in Western Europe, contrasts sharply with the tenor of Gorbachev's speeches in late 1990 and early 1991.



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various sections of the population.

The exceptionally rapid increase of mass participation in politics in the USSR, at the same time that Gorbachev promised reforms to bring improvement in social and economic conditions, stimulated a sharp rise in popular demands on the Soviet political system and the heightening of expectations for its performance. Part of the problem facing that political system is that those enhanced expectations have been grievously disappointed, with worsening scarcities in essential consumer goods and growing fears of lawlessness and disorder.

ONE of the reasons that the Soviet leadership has hesitated to address those problems decisively (and may now be preparing to deal with them in a way that reverses some of the changes brought by *perestroyka*), is the still faltering and incomplete institutionalization of Gorbachev's revolution in Soviet politics. Every revolution, whether striving for national independence or for social transformation, can only fulfill its potential if it proceeds from the destruction of the old system of authority to the construction of a new network of institutions. By early 1990, it had become apparent that the USSR had entered a period of political transformation scarcely less fundamental than that which had already caused the demise of communist regimes in several East European nations. However, while the reforms initiated by Gorbachev and the increasingly autonomous movement for change have severely damaged the effectiveness and legitimacy of the old network of political institutions in the USSR, they have achieved only incomplete success in erecting a new set of political institutions corresponding to the principles of pluralistic, democratic socialism.

A more independent press, voting in competitive elections, and newly formed interest groups all provide means for the vigorous expression of citizens' demands on the political regime. Those channels for the articulation of interests have been established quickly, if in rudimentary fashion, in the USSR since 1985. However, institutions that aggregate interests by combining groups into coalitions based on compromises among narrowly focused interests —i.e., political parties—have yet to be built. Except in several non-Russian republics, political parties other than the CPSU remain small in size, have very limited bases of popular support, and lack the means of mobilizing such support.[5] It is just as important that institutions for setting authoritative policies designed to provide partial satisfaction to groups' demands—i.e., legislatures—remain underdeveloped. The elected soviets have little actual power, operating primarily as debating bodies whose sessions are lively but often chaotic.

The one new institution that has grown most in importance is the Soviet presidency, but that office lacks institutional support for carrying out interest aggregation and policy-making or adequate institutional restraints against its conversion into an instrument of authoritarian rule. The main force blocking the growth of new coalitions and decision-making institutions is the Communist party—formerly the dominant organization in the Soviet political system, now largely discredited in public eyes and the target of the taunts and gibes of reformers (and nationalistic forces of various colorations), but still defending its territory like a wounded animal.

ALTHOUGH Gorbachev has been shifting the center of decision-making in the political system from the office of general secretary of the CPSU to the new office of president of the USSR, he retains the former position, and apparently depends on the party apparatus as a crucial organizational component of his base of rule. Gorbachev chooses to continue to head the party Secretariat, perhaps partly because if the party apparatus were to be freed from his guidance, it might offer its faint pretense of legitimacy and its experience in the supervision of social and state organizations to a Gorbachev rival less sympathetic to the cause of democratization. In addition, the party still has links with the KGB and military services, whose highest leaders have taken public stances against what they regard as the excesses of reform, and who command the means to impede reform or even remove Gorbachev from power. Thus, Gorbachev continues to be dependent on the party apparatus, or acts as if he is dependent on it.

In the early period of political reform, from the later part of 1986

[5]Within the USSR Supreme Soviet, the groupings that most closely resemble competitive political parties are the reformist Inter-Regional Group and the anti-reformist *Soyuz* group. However, neither of those factions in the legislature has attempted to campaign for votes under a common banner in the manner characteristic of a political party in a pluralist democracy. In that respect, each of those factions resembles the predecessors of political parties found in national legislatures in the early stages of expansion of participation in politics in Britain, the USA, and other democracies in the late 18th century. However, eligibility for citizen participation in politics was broadened relatively slowly in those countries. The current situation in the USSR is actually more reminiscent of that in many formerly colonial countries in recent years, in which the mobilization of the population for political participation has accelerated rapidly, while the institutionalization of representation and policy-making has necessarily proceeded much more slowly.

The thesis that rapid increases in political participation and slow political institutionalization lead to political instability was offered by Samuel P. Huntington in *Political Order in Changing Societies*, New Haven, CT, Yale University Press, 1968, pp. 4–5. However, Huntington, like many other American political scientists, overestimated the effectiveness of channels of participation offered by communist political systems, and thus overestimated the adaptiveness and underlying stability of such systems.



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through the spring of 1988, Gorbachev indicated that he intended not to diminish the role of the Communist party, but to transform it. The party was supposed to be restructured so as to enable it to function as the main means of integration and the main source of guidance for policy-making in a system of "single-party pluralism." Restructuring of the party was also supposed to democratize the relationship between the apparatus and rank-and-file party members, and render its methods of guidance of other organizations less authoritarian.

Not surprisingly, the party secretaries have resisted changes in the mode of governance within the party that would have lowered their status and rendered their tenure in office precarious. The elections of delegates to the 19th Party Conference showed that the task of restructuring the party would be more difficult than Gorbachev had evidently anticipated, and the selection of delegates to the 28th Party Congress demonstrated that the task was practically impossible, since most party officials on various levels had successfully resisted the transformation of their relationship with the rank-and-file members. At that congress, which contemptuously dismissed the criticisms of radical reformers united in the Democratic Platform group, Boris Yel'tsin, the occupant of the highest office in the largest republic of the USSR, dramatically resigned from the party. Like hundreds of thousands of other former members, he wrote off any chance that it might become a force for reform.[6]

Gorbachev, however, remained the head of the party apparatus, as the 28th Party Congress obediently approved resolutions supporting the general principles of his reform program, despite the fact that most of the delegates showed little enthusiasm for the actual implementation of such ideas. While confirming Gorbachev's skill as a political tactician, the party congress further accentuated the ambiguity of his position as simultaneously the principal leader of established institutions in the Soviet political system and the chief engineer of reform.

In early 1991, Gorbachev gives the appearance of still trying to combine an increasingly conservative power base with a commitment to the long-term realization of marketizing and democratizing reforms. This balance has become less tenable as the forces of radical reform and conservative resistance have become increasingly polarized. The contradictions in Gorbachev's position have already damaged his appeal to the reformers.

THE conflicting imperatives rendering Gorbachev's position precarious stem from the fact that the changes made thus far have not completely succeeded in dismantling the structures that traditionally dominated the economy and the political system, and have not come close to finishing the construction of new structures to take the place of the old ones. The situation that has prevailed in the USSR since the spring of 1989 might be described as one of *dvoyevlastiye* (dual power), with popular support attached to the newly elected representative bodies (at least during a burst of excitement following competitive legislative elections) and actual control still vested primarily in the organizations staffed through *nomenklatura* procedures. Dual power has led to indecision in policy-making and a stalemate in response to social and economic problems. The result has been a decline of popular optimism concerning the outcome of *perestroyka,* and a decline in credibility experienced by elected legislative institutions.[7]

Popular and regime acceptance of the legitimacy of conflicting interests in society combined with the lack of regime and popular acceptance for actual democratic practices of conflict management may partially account for the fragility of support for democratic institutions in the Soviet Union. With the emergence of an increasingly independent "civil society" in the Soviet Union, interpreters of the ideology have shown a tendency to abandon their previous insistence on the growing homogeneity and harmony of Soviet society, and to recognize the legitimacy of conflicts among a diversity of social interests.[8] Since 1985, the relaxation of previous restraints has permitted a wide range of citizens to assert claims on the political system. The belief that Soviet popular culture, grounded in centuries of authoritarian rule from the tsars to the communists, preserves a docile and submissive attitude toward political

[6]Gavriil Popov and Anatoliy Sobchak, the mayors of Moscow and Leningrad respectively, have also turned in their party cards. The fact that neither one of those officials nor Yel'tsin has joined another political party so far reveals the weakness of competitive party organizations in the USSR.

The weakness of mechanisms for aggregating citizens' interests is also indicated by the continued high rate of strikes, demonstrations, and other manifestations of direct action in the Soviet Union. Such tactics originally were of importance in communist political systems because of authoritarian restrictions on participation, but persist in an environment of greater freedom because of the low level of institutionalization of other channels for representing popular interests.

[7]Soviet surveys presenting evidence of declining optimism concerning the prospects for successful reform are discussed by Alfred Evans, Jr., in "The Working Class and Reform," a paper presented at the annual convention of the American Association for the Advancement of Slavic Studies, Chicago, IL, November 1989. More recent indications of growing pessimism and dissatisfaction with the performance of the Soviet government are provided by Zh. T. Toshchenko, V. E. Boykov, and Ye. Ye. Levanov, "How the CPSU Is Being Renovated," *Voprosy Istorii KPSS* (Moscow), No. 8, 1990, pp. 3–14; and V. O. Rukavishnikov, "The Peak of Tension under the Sign of the White Horse," *Sotsiologicheskiye Issledovaniye* (Moscow), No. 10, 1990, pp. 12–25.



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authority among most citizens no longer seems tenable in light of recent survey data showing strong popular support for the ideal of active participation in politics,[9] and in view of the behavior of large numbers of Soviet citizens who do not hesitate to defend their interests and challenge the arbitrariness of party and state officials.

However, on neither the official nor the popular level is there evidence of support for mechanisms for the management of conflicts between interests whose legitimacy is mutually acknowledged.[10] There was never much room for the notion of institutionalized conflict management in official Soviet ideology, with its emphasis on the struggle between irreconcilable forces to solve the question of "*kto-kogo*," or the issue of who achieves ultimate victory over whom. From the 1930's on, Soviet Marxism-Leninism taught that the sources for the most dangerous conflicts in Soviet society had been eliminated and that the "non-antagonistic contradictions" that persisted would be resolved through the creation of a uniform socio-economic basis for all segments of society. On the level of popular attitudes, neither prerevolutionary experience nor life under communist rule has instilled in the Soviet people a great deal of familiarity with institutions providing channels for the representation of competing interests and procedures for the adoption of decisions resolving the claims of those interests.

The lack of consensus on mechanisms for the resolution of disputes is most conspicuously evident in the current deadlock over the renegotiation of the contractual basis for the relationship among nationalities of the USSR. The problems posed by issues of nationality tensions also have revealed a basic contradiction in Gorbachev's objectives, since his commitment to the democratization of the Soviet political system is limited by his determination to preserve the unity of the multinational Soviet state. The heightening of demands for varying forms of self-determination among Soviet nationalities has even led to retrogression in Gorbachev's willingness to recognize legitimate conflicts within the system, as he has become increasingly eager to brand opponents of his version of the basis of the integration of the USSR as responsible for lawlessness and disorder, and thus has implicitly denied the legitimacy of the interests expressed by those who seek separation from the Soviet Union, and those who want greater decentralization than Gorbachev is prepared to grant.[11] Since autumn 1990, his efforts to maintain the unity of the Soviet state have induced Gorbachev to rely increasingly on the support of conservative elements dominating the leadership of the military and KGB, making him dependent on institutions with impressive means of coercion but little experience in balancing competing interests.

While the acceptance of democracy as the idealized basis of the legitimacy of political authority may be widespread among the Soviet people, popular support for the mechanisms and procedures necessary to make democracy work is low. The incompleteness of the cultural as well as the organizational infrastructure of political pluralism has contributed to the weakness of representative institutions in the USSR. As long as the institutionalization of democratic conflict management in the USSR is incomplete, the revolution initiated by Mikhail Gorbachev will remain unfinished, and the success of that revolution will continue to be in doubt.

[8]Change in the relationship between state and society in the USSR is explored by Marcia Weigle and James Butterfield, "The Emergence of Civil Society in the USSR," a paper presented at the annual convention of the American Association for the Advancement of Slavic Studies, Washington, DC, October 1990. The emerging recognition of lasting differences and legitimate conflicts in Soviet society is detailed in Alfred Evans, Jr., "Changing View of Social Differentiation in Soviet Ideology," in Woodby and Evans, Eds., op. cit., pp. 65–96.

Earlier evidence of a tendency in Soviet ideology toward the acknowledgment of legitimate conflicts of interests in socialist society was detailed in Alfred Evans, Jr., "Social Transformation in Developed Socialism: Recent Trends in Soviet Ideology," *Coexistence* (Dordrecht), April 1980, pp. 58–81.

[9]Jeffrey W. Hahn, "Continuity and Change in Russian Political Culture," a paper presented at the annual convention of the American Association for the Advancement of Slavic Studies, Washington, DC, October 1990.

[10]Gail W. Lapidus, "State and Society: Toward the Emergence of Civil Society in the Soviet Union," in Seweryn Bialer, Ed., *Politics, Society, and Nationality Inside Gorbachev's Russia*, Boulder, CO, Westview, 1989, p. 144.

[11]"Report by M. S. Gorbachev, President of the USSR," *Pravda* (Moscow) and *Izvestiya* (Moscow), as condensed and translated in *The Current Digest of the Soviet Press* (Columbus, OH), Dec. 19, 1990, pp. 1–6.



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# Soviet Economic Reform and East-West Economic Relations

**Peter van Ham**

ED A. HEWETT. *Reforming the Soviet Economy. Equality versus Efficiency*. Washington, DC, The Brookings Institution, 1988.

REINER WEICHHARDT, Ed. *Soviet Economic Reforms: Implementation Under Way?* Brussels, NATO Colloquium, 1989.

STANISLAW GOMULKA, YONG-CHOOL HA, and CAE-ONE KIM, Eds. *Economic Reforms in the Socialist World*. London, Macmillan, 1989.

MARIE-HÉLÈNE LABBÉ. *La Politique Américaine de Commerce avec l'Est, 1969–1989* (The American Policy of Trade with the East, 1969–1989). Paris, Presses Universitaires de France, 1990.

GARY K. BERTSCH and CHRISTOPHER T. SAUNDERS, Eds. *East-West Economic Relations in the 1980's*. London, Macmillan, 1989.

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SINCE the death of Joseph Stalin in 1953, every Soviet leader has initiated his own set of reforms aimed at revitalizing the USSR's economic system. One could even say that since the 1960's, no year has passed without the introduction of new economic experiments. In the Brezhnev era, such experimentation took on a routinized character that aimed at the so-called "further perfection" (*dal'neysheye sovershenstvovaniye*) of the economic system.

Decades of Soviet economic experimentation, however, have not been able to alter the basic structure of the Soviet command economy. Hence, it is important to determine whether *perestroyka*'s onslaught on established inefficiencies within the Soviet economy is just another of these half-hearted attempts to oil and modernize the central-planning machine, or whether Gorbachev's economic reform efforts must be considered as a venture to *transform* the command system into a Western-style market economy.

Other questions also suggest themselves. How does *perestroyka* affect the Soviet system of foreign trade, and what opportunities lie in store for East-West trade? Can increased East-West trade itself catalyze the stabilization and revitalization of the Soviet economy? These are just a few of the seminal questions treated in the books under review in this essay.

Three of the books are major contributions to understanding past and present efforts at Soviet economic reform. The study by Ed A. Hewett examines the long history of Soviet tinkering with the economy. He analyzes the intricate web of Soviet economic and political reforms in the post-Stalin era and the economic merit of the reform efforts of the 1950's, 1960's, and 1970's. The work ends with a critical account of Gorbachev's *perestroyka*. The books edited by Reiner Weichhardt, and by Stanislaw Gomulka, Yong-Chool Ha, and Cae-One Kim are the products of international conferences organized in the late 1980's. These volumes employ a somewhat restricted historical scope, analyzing the impact of Soviet economic reform since the ear-

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ly 1980's. The Gomulka volume also takes into account the economic reforms currently under way in other Marxist-Leninist countries, including China, North Korea, Sao Tomé e Principe, and Guinea-Bissau.

The two other works under review are devoted to the issue of East-West trade. Marie-Hélène Labbé's book analyzes US economic policy (or the lack of it) vis-à-vis the Soviet Union over the last 20 years. The volume edited by Gary K. Bertsch and Christopher T. Saunders takes a different perspective, focusing upon the determinants and prospects of East-West economic relations in the 1990's.

Economic *perestroyka* and political *glasnost'* have been widely acclaimed as a major effort to remold Soviet society. But—echoing concerns raised by the authors of the books under review—what is the exact content of these intended reforms? Are they feasible? What are the major obstacles to such reforms?

FROM his predecessors Gorbachev inherited a country with stagnant economic growth, a budget deficit of an estimated 18 billion rubles, and a cataclysmic shortage of basic commodities, all amounting to an absolutely staggering economic crisis. Corruption and social malaise were also rampant. Radical measures to alleviate the problem were necessary, not only for economic reasons but also out of a concern for national security. Soviet lags in developing and applying high technology threatened the country's superpower status, and Gorbachev has frequently stressed that the USSR could not allow itself to fall behind in the race for scientific, technological, and economic development. Economic and military performance are closely related, and the lethargic nature of the traditional Soviet economy was certainly losing out to the innovative capacity of Western capitalism.

But in the early years of Gorbachev's rule, the design of the economic reforms remained vague and distinctly ill-defined. The restricting of the production and sale of alcohol (May 1985), the establishment of a new bonus system for the production of consumer goods (August 1985), and, once again, the creation of new bureaucratic supervisory institutions (in November 1985 and March 1986) were still based on the Brezhnevian tradition of "further perfection."

Most authors of the books reviewed here consider the June 1987 Central Committee Plenum on the economy to have been a turning point. At this meeting, Gorbachev outlined a more radical and concrete economic reform program (the so-called *osnovnyye polozheniya,* or "guiding principles"). Basically, Gorbachev's *osnovnyye polozhenyia* rest upon three elements: (1) measures to decentralize decision-making in the state sector; (2) measures to legitimize and expand the unplanned, non-state sector; and (3) measures to facilitate closer contacts between the Soviet economy and the outside world (Philip Hanson, in Weichhardt, p. 12). Hanson labels these measures as an attempt by the center to replace the centrally planned economy with Western-style market relations. Hewett, by contrast, maintains that it was evident even then that the Soviet economy would remain centrally planned (p. 349).

After the reform agenda was set in June 1987, the government issued a series of decrees that were to limit direct and detailed central management through the elimination of the traditional annual plans, expand the role for private and cooperative economic activity, and grant individual enterprises the right to engage in direct foreign trade. For Western observers it certainly seemed as if the radical reformers had won their first victory over the conservative bureaucrats. New laws allowed greater enterprise independence than ever before, and for the first time (after the Law on the Cooperative System was promulgated in June 1988), even independently run cooperatives and collective farms were entitled to apply for the right to engage in foreign trade (Gregory Grossman, in Weichhardt, p. 122). In December 1988, enterprises, cooperatives, and farms were even granted the right to set up their own foreign trade organizations.

HEWETT persuasively argues that the *osnovnyye polozheniya* cannot be comprehended without an understanding of their historical context. This is not to say that all Soviet reform efforts are equally interesting, inasmuch as both Khrushchev's wild schemes and the marginal reform ventures of the 1970's do not qualify as comprehensive plans for economic restructuring and cannot be put on an equal footing with Gorbachev's *perestroyka.* Only the so-called Kosygin reforms of 1965 are a touchstone for Gorbachev's endeavors. An understanding of the reasons why the 1965 reforms failed can therefore be considered a prerequisite for seriously analyzing the current Soviet reform plans.

The 1965 reforms consisted of three central features. First, the central planning authorities in Moscow assumed greater authority than before. Second, the existing system of obligatory plan targets for enterprises was changed considerably, and a bonus system was attached to these targets in order to spur the introduction of new technology and the efficient use of resources. Third, the reform established a new mechanism for setting



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prices and revised the prices themselves.

But, as Hewett notes, if a "death certificate" were to be issued for the still-born 1965 reforms, it would probably read "ministerial interference, aided by the lack of attention by the obstetrician (L. Brezhnev)" (p. 240). The inherent flaws in the original design of the 1965 economic reform led to its eventual demise. No serious attempts were made to substitute freer play of market forces for the central plan; therefore, the "new prices" still failed to reflect the real level of supply and demand in the economy. All other reform measures were smothered by bureaucratic opposition and neutralized by new regulations. They never had a decent chance to work.

Gorbachev's *perestroyka* bears some similarity to the Kosygin reforms. Even though Gorbachev and his economic advisers have tended to advocate the *decentralization* of decision-making power, they have at times actually *increased* the power of Moscow. The most notable example was the introduction (in November 1985) of a supra-ministerial body in charge of the nation's agro-industry, a measure of administrative streamlining that Hewett labels as "generally consistent with the *osnovnyye polozheniya*" (p. 335). The new *Gosagroprom* (State Agro-Industrial Committee) replaced five former ministries and one state committee previously responsible for agricultural affairs. Gorbachev's primary goal in establishing this new body was to reduce staffs and gain greater efficiency. But, as Hewett correctly notes, "these changes amount to a recentralization of economic power in a new, supra-ministerial, level of the hierarchy" (p. 338).

Like the 1965 reforms, the success of Gorbachev's "restructuring" of the Soviet economic system partly depends upon reform of the price system. One of the key elements of the 1965 reform was that enterprises were to operate on a so-called *khozraschet* basis, which means that they were in principle to be self-financing. This very same idea has been reintroduced by Gorbachev in order to stimulate responsible economic behavior among managers and workers. But *khozraschet* would be possible only if prices reflected true opportunity costs.

According to the first deputy chairman of the USSR State Committee for Prices, the price reform was to result in the "full reflection in prices of real costs of the production of output, liquidation of the accumulated contradictions and distortions in prices, assurance of necessary flexibility of prices, their establishment in accordance not only with costs but also with demand."[1] Many reform-minded economists have pointed out that administratively pricing goods below production costs has resulted in an uncontrolled growth of subsidies. They have therefore advocated the abolition of state subsidies, especially for consumer (retail) goods, in order to stimulate economic incentives and lighten budgetary burdens.[2]

Morris Bornstein (in Weichhardt, p. 142) argues that all the key problems of price reforms in the Soviet Union remain unsolved. As we witnessed in spring 1990, even the marginal attempts of Gorbachev to introduce market-oriented prices for basic consumer goods and services met with enormous societal and political opposition.[3]

SOVIET specialists and Western observers have recently been writing that Gorbachev's *perestroyka* is on the brink of breakdown.[4] Three causes can be identified for its near-demise: conceptual shortcomings in the architecture of reform, social resistance on the part of the populace, and opposition of the conservative political elite.

Are there basic flaws in the design of Gorbachev's *perestroyka*? Hanson criticizes Gorbachev for introducing measures, decrees, and laws of an "unrealistic nature," leading to a "halfway-house system dreamed up by the optimal planners" (in Weichhardt, p. 23). For his part, Hewett contends that "Even though Gorbachev's vision seems to imply a willingness to place greater trust in markets . . . the decrees suggest a far more conservative approach. . . . This delay in the price reform is by far the most serious threat to the entire implementation process" (pp. 345, 356). Stanislav Gomulka's judgment is even more severe: "My interpretation of Gorbachev's reforms assumes that he is still very much a communist leader, who, however, finds it necessary to shake and destabilize the old system somewhat in order to preserve it more effectively" (p. 73).

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[1]A. Komin, "Reconstruction of the Pricing Economy," *Voprosy Ekonomiki* (Moscow), March 1988, p. 111.

[2]The Soviet budget for 1989 reserved the sum of 87.9 billion rubles (which constitutes 17.8 percent of total budget expenditures) to cover the difference between the agricultural purchase prices and the retail prices through state subsidies. *Pravda* (Moscow), Oct. 28, 1988.

[3]See the interview with Stanislav Shatalin and Nikolay Petrakov in ibid., Apr. 26, 1990, translated in Foreign Broadcast Information Service, *Daily Report: Soviet Union* (Washington, DC—hereafter, *FBIS-SOV*), May 1, 1990, p. 70. The All-Union Council of Trade Unions directly issued a statement opposing such reform plans, arguing that "The state must ensure full employment of the population and bear responsibility for this." *Trud* (Moscow), Apr. 24, 1990, trans. in *FBIS-SOV*, May 4, 1990, p. 65.

[4]See, for instance, Peter Reddaway, "Empire on the Brink," *The New York Review of Books*, Jan. 31, 1991, pp. 7–9; Yuri Afanasyev, "The Coming Dictatorship," ibid., pp. 36–39; and Anders Åslund, "The Soviet Economic Crisis," *Problems of Communism* (Washington, DC), January-April 1991, pp. 18–41.



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Oleg Bogomolov, a leading Soviet economist, concurred with these assessments when he argued during a press conference in 1989 that "after outlining the ultimate goals of our economic reform, we have done a very bad job of developing and thinking out the transitional process itself."[5] It certainly seems that lack of leadership, vision, and economic expertise are major obstacles to successful economic reform. It would, however, certainly go too far to ascribe a pending collapse of *perestroyka* solely to miscalculations made on the Kremlin's drawingboards.

Societal opposition to Gorbachev's reform measures should also not be underestimated. A carefully cultivated culture of crude egalitarianism permeates Soviet society, posing a major threat to the successful implementation of laws giving more leeway to would-be entrepreneurs. There is no support for Bogomolov's optimistic assessment that "The majority of the [Soviet] population support *perestroyka*, since they understand that there is no other alternative but stagnation and creeping into a deep social and economic crisis" (in Bertsch and Saunders, p. 90). A telling example of the lack of support for market reform may be found in the demands of the Karaganda Strike Committee in July 1989. The committee advocated the closing of trading and purchasing cooperatives and cooperative restaurants.[6] As the subtitle of Hewett's book indicates, Soviet economic reform seems to be stuck between a rock and a hard place, having to balance "equality" and "efficiency."

Policies promoting remuneration according to the quantity and quality of work ("to each according to his ability") would certainly lead to an increase in economic efficiency. But such policies would also entail the abolition of subsidies on basic consumer products, thus departing from a long-standing policy rooted in socialist ethics. Price reform and enterprise autonomy on the model of Poland's shock therapy would lead to massive unemployment and a significant drop in the standard of living. Such a policy would be harmful to Gorbachev's political standing inasmuch as he had promised (in 1988) that *perestroyka* would raise "the economic well-being of the Soviet peoples to a qualitatively new level."[7] Innovative and able-bodied individuals interested in setting up cooperatives could benefit from marketizing reforms, but most Soviet citizens would for the first time face the real threat of losing a job.

Such reforms also threaten powerful conservative interest groups in Soviet society, such as Communist-party officials, the ministerial bureaucracy, the military, and other members of the *nomenklatura*. Gomulka makes clear that Gorbachev's reform efforts, which were based upon the marketization of the Soviet economy and a decentralization of decision-making authority, imply a considerable shift of political and economic power from the center to the periphery. Economic decentralization would, as a matter of course, lessen Moscow's political grip on the country and speed the end of the traditional, one-party political system. Moreover, like the 1965 reforms, the fate of Gorbachev's *perestroyka* largely depends upon the willingness of bureaucrats to abolish their own jobs, a dubious basis on which to construct a policy in any society.

As Hanson correctly points out, the academic economists who have functioned as Gorbachev's advisers (Leonid Abalkin, Abel Aganbegyan, and Bogomolov) helped to draft leadership speeches on reform and the reform legislation itself. But the *apparatchiki* in the legislature still had the upper hand in ratifying the laws implementing the transition. For reasons of bureaucratic lethargy and political conservatism, the legislation on economic reform clearly differed from the ideas of the famous and supposedly influential reformers.

SOVIET economic reform may not be thriving domestically, but the restructuring of the USSR's foreign trade system has been a moderate success. Although the development of East-West trade has not lived up to some optimistic expectations (both in the Soviet Union and in the West), joint ventures have been established, and important commercial deals have been concluded.

But due to the slow pace of internal reform, the Soviets have not succeeded in creating an economic environment conducive to the needs of the Western business community. The lack of success of Gorbachev's economic program has put Western firms on their guard; they are unwilling to invest in an economy that is showing signs of sinking. The future of East-West trade looks even more gloomy in the light of a new decree, issued by Gorbachev in late January 1991, giving the KGB and the police broad authority to inspect all domestic and foreign businesses in the USSR.[8] Western governments, by contrast,

[5]O. Bogomolov, "Economist-Deputies on Radical Reform," *Soviet Review* (Armonk, NY), July-August 1990, p. 8.

[6]Moscow Domestic Service in Russian, Aug. 5, 1989, trans. in *FBIS-SOV*, Aug. 7, 1989, p. 73.

[7]Quoted in Marshal I. Goldman, "Gorbachev the Economist," *Foreign Affairs* (New York), Spring 1990, p. 28.

[8]*International Herald Tribune* (Paris), Jan. 28, 1991.



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are pondering the question of whether they have the capability to promote the development of political pluralism and economic reform within the USSR.[9]

John P. Hardt, writing in the Bertsch and Saunders volume, argues for a commercial policy less driven by politico-security considerations. Such a policy would entail a relaxation of CoCom's multilateral embargoes on high-technology products (p. 267).[10] Similar conclusions can be drawn from Marie Hélène Labbé's *La Politique Américaine de Commerce avec l'Est, 1969–1989* (American Policy Toward Trade with the East, 1969–1989). Labbé especially focuses on the policy of "economic linkage" applied by Henry Kissinger, and by the Carter and Reagan administrations in an attempt to influence Soviet domestic and foreign behavior. Her theoretical analysis of the concept of economic linkage is illuminating, and she discusses several conditions which should be met for an optimal implementation of such a policy.

On the whole, these conditions follow the lines of *Realpolitik*. Setting clear priorities in the goals of foreign policy, which should be executed by one branch of government, is one prerequisite for success. Preferably, the goals of economic linkage should be flexible, but if rigid, they should not be too lofty. Labbé suggests that secret negotiations should not be shunned, whereas domestic public opinion and pressure groups should not be allowed too much influence. But what is probably most important in Western trade policy vis-à-vis the Soviet Union is striking a careful balance between economic instruments (the so-called carrots and sticks) and political goals. It is not surprising that she criticizes US policy on East-West trade and technology transfer for its inconsistency and lack of direction.

The policy of using trade with the East and technology transfer to serve political objectives remains a subject of dispute. Hardt argues that "the continued use by the United States and the Soviet Union of economic interchange as bilateral political instruments has been onerous and ineffective." His arguments that the "continuation of the old politico-security dominated superpower commercial policy is possible but likely to be increasingly costly to each participant" and that the "broader trends of globalism and interdependence are likely to persist and increase in importance" are not very convincing (in Bertsch and Saunders, p. 267).

It is not at all obvious why East-West trade and technology transfer could not be made contingent upon a more radical policy of marketization of the Soviet economy and a commitment to respect basic human rights. Former US President Ronald Reagan has recently suggested that:

*We should use the American impulse for generosity with some caution. The concept of "linkage" can play a role here. For example, we might provide the Soviet Union with some things that they want from us in exchange for their agreement to stop propping up their few remaining dictator clients. In due course, forces for democracy will do the rest in those countries.*[11]

These are complicated questions which deserve due attention from both academic specialists and politicians. But as long as states are forced to act within an anarchic interstate environment, foreign trade will be imbued with political and security concerns.

IT IS clear that no bright economic future lies ahead for the Soviet Union. Mikhail Gorbachev lacks both the economic expertise to introduce a coherent program of economic reform and the political courage to implement it. This said, it is nevertheless clear that the Stalinist system of economic management is wrought with overwhelming problems. Western critiques of Gorbachev's economic strategy and tactics therefore often seem somewhat gratuitous. However, recent reports published by Western economic institutions offer a viable alternative to Gorbachev's half-hearted economic reform efforts.[12] Domestic challenges to *perestroyka* have mainly originated from the president of the Russian republic, Boris Yel'tsin, who has provided a policy-oriented reform program for dismantling the command economy. This plan, called "Transition to the Market: Conception and Program" (written by Stanislav Shatalin, a member of the short-lived Presidential Council), contained a set of proposals to introduce capitalism within a mere 500 days, starting in October 1990.[13] But this plan

[9]See Peter van Ham, "Western Economic Statecraft in an Era of Communist Reform. How Can West Help?" *Bulletin of Peace Proposals* (London), June 1990.

[10]Much has changed within the short period of time since the publication of the books under review. Just consider newspaper headlines like "US Leads Moves to Ease CoCom Licensing," *Financial Times* (London), Mar. 6, 1990, or "US Opens High Tech to East Europe," *The Times* (London), Dec. 18, 1989.

[11]*International Herald Tribune*, June 13, 1990.

[12]"Stabilization, Liberalization, and Reform Process in the Soviet Union," *European Economy* (Washington, DC), No. 45, December 1990; and "The Economy of the USSR," presented by the International Monetary Fund, the World Bank, the Organisation for Economic Cooperation and Development, and the European Bank for Reconstruction and Development, Washington, DC, 1990.

[13]*The New York Times*, Sept. 21, 1990.



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too has been safely buried under severe criticism of increasingly vocal conservative factions.

Gorbachev's middle-of-the-road course has failed, and there are no indications that a third way can be found between a planned economy and a market economy. Gorbachev's effort to find one calls to mind the famous "man of the middle," once cogently characterized by Mikhail Bakunin as someone who, when revolutionaries hold that two times two is four and reactionaries hold that two times two is six, always contends that the correct answer has to be five, since the truth must be situated in the middle, between revolution and reaction. The Soviet President now appears to have given up the effort and to have opted for the reactionary course, to the great detriment of the economy.



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# Soviet Economic Mismanagement

**Karl W. Ryavec**

MARK R. BEISSINGER. *Scientific Management, Socialist Discipline, and Soviet Power.* Cambridge, MA, Harvard University Press, 1988.

JOSEPH S. BERLINER. *Soviet Industry from Stalin to Gorbachev: Essays on Management and Innovation.* Ithaca, NY, Cornell University Press, 1988.

BRUNO GRANCELLI. *Soviet Management and Labor Relations.* Boston, MA, Allen & Unwin, 1988.

*PERESTROYKA* will be merely a word and a memory unless it results in a productive, efficient, and modernized industry serving the needs and wants of the Soviet population and also producing finished goods for profitable export to the world. To accomplish this will require not only a reform but the transformation of Soviet management. To have any success at all, such a qualitative change will have to deal with the Soviet enterprise management animal as it is—a huge and many-headed "bureaupathologically" deformed monster addicted to ever-increasing infusions of increasingly scarce investment. Soviet management operates deceptively in its own localistic interests, often producing products of poor quality even when it meets, or appears to meet, the centrally set targets, which have never been fully purged of the notorious quantified "val" (gross output).

For this reason, the three books under review are particularly timely. They focus primarily on Soviet industrial management—its issues, activities, political significance—and policies pertaining to it. They do not concentrate on economic theory or theorizing, agriculture or peasants, planning or planners, or costs and funding. In addition to constituting new classics in the library of works on that "peculiar institution"—the Soviet economy—they will also be of use to those interested more generally in the industrial management and managerial bureaucracies of planned economies.

Although Soviet industrial management has improved in recent years, as Joseph Berliner points out more than once, it is essentially unchanged from the system forged in Stalin's time. The problems Gorbachev faces are of long standing, as are the attempts to correct and eliminate them. A Soviet diplomat speaking on American television in March 1990 said that although reform is being discussed in the USSR, it has not yet begun.[1] "We have lived through an essential preparatory stage," Mikhail Gorbachev claimed at roughly the same time.[2] It now seems that Gorbachev—even repackaged and reempowered as executive president—cannot and will not actually implement the radical economic "breakthrough," including the "full-blooded domestic market," he has said he intends to bring about.[3]

THE first book under review here, Mark Beissinger's *Scientific Management, Socialist Discipline, and*

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[1]Oleg Derkovsky, MacNeil-Lehrer Report, Mar. 13, 1990.

[2]M. S. Gorbachev, speech on the presidency, TASS translation, *The New York Times,* Mar. 16, 1990.

[3]Ibid.



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*Soviet Power,* is an excellent study of the history of the Soviet attempt to rationalize and improve the management of the economy. The word "attempt" in the singular is appropriate; Beissinger reveals the continuities between the rationalizers of the 1920's and the proponents of managerial science of the 1960's and 1970's (pp. 162, 176, and 182). *NOT* (*Nauchnaya Organizatsiya Truda*) and its *NOTisty* were reborn under Nikita Khrushchev, and despite Leonid Brezhnev's dictum that managerial problems are primarily political, not technical, in nature, a compromise occurred that allowed the Soviet scientific management movement to live on into the present, where enormous challenges and much work still face it.

*Scientific Management* is divided into two parts. The first covers the period from 1917 to the late 1930's, when the technocratic approach to organizational problems yielded to the Stalinist imposition of discipline and, eventually, coercion replaced technique. The second half of the volume examines a second general cycle of administrative reform, from 1953 to the mid-1980's. The main thing distinguishing this period from the earlier one was that technocratic attempts to solve unchanged problems did not give way to coercive and mobilizational strategies. The book's coverage ends with the administrative changes of July 1987. Beissinger viewed part of the second period from a unique vantage point, as a participant during 1979 in the management training program conducted at the Plekhanov Institute of the National Economy in Moscow.

Part One, detailed but clear, may be the last word on NOT and the Soviet rationalization movement and its death under Stalin. Chapter Four, "The Triumph of Violence," is particularly interesting. Rationalization became under Stalin "strangely out of place" (p. 126). Stalinist administrative thought denied that administration requires specialized knowledge or that it is an aspect of political economy. Production and economic planning belonged, so Stalin decreed, to the "executive organs," and was to be implemented by executives formed not, as Lenin said, by education and training, but by "life itself, at work" (p. 151).

A book deserves to be written on the effects on the Soviet people and the socialist idea of this phrase, "life itself"—apparently realistic but yet romantic and immeasurably costly in lives and resources. Lenin had said that only those who learn from capitalists can call themselves communists and that only such learning could cope with the sore of "bureaucratism" that Bolshevik rule had generated (pp. 30, 45). Perhaps, given the opening of MacDonald's in Moscow and the recent Soviet rush for joint ventures, Lenin, as an admirer of capitalist technique, has had, if only briefly, another hearing.

Beissinger shows how both bureaucratism and the assault on bureaucracy are intertwined in Bolshevism. He points out that although Stalin's rule was bureaucratic in form, Stalinism "was essentially antibureaucratic in content." Part of its broader appeal lay in its "frontal assault on bureaucratic stagnation" and in its ability to harness the dislike of bureaucrats that had emerged by the late 1920's (p. 93).

With such an ambivalence and interlock between bureaucracy and antibureaucratism, it is understandable why, although communism everywhere comes to power with a revolutionary onslaught on governmental institutions and processes, it replicates the previous bureaucracy and its practices, and does so with a vengeance.[4] No wonder then that Stalin, Khrushchev, Mao Zedong, and now Gorbachev, each in his own distinctive way, has found it necessary to apply corrective yet woefully ineffective and inadequate measures to the powerful bureaucratic infrastructure that communism both perpetuates and builds.

Whence stems this communist bureaupathology? Is its source the Leninist party, the requirements of rule by a minority, the policy of rapid industrialization, the inherent conflict between Marxism and administration? Or does it somehow derive from the fact that Karl Marx's father was a bureaucrat, and a Prussian one at that? A fascinating question, but one not answerable here or anywhere.[5]

Beissinger's work reveals many parallels in administrative behavior in the 1920's, in the 1930's, in the 1960's, and even today. Sergo Ordzhonikidze's complaint in the mid-1920's, quoted in a book of 1927 with the contemporary-sounding title *Na bor'bu s byurokratizmom (At War with Bureaucratism* is a possible translation), that "staffs were cut, but . . . it turned out . . . that staffs had increased" is one often encountered in recent years.[6] Even Feliks Dzerzhinskiy, the ruthless head of the security organs, once lamented that he was "powerless against this flow of paper" (Beissinger, p. 82). Superior agencies interfered directly in plant activities then, and they still do today (Beissinger, p. 117).

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[4] T. H. Rigby makes this point in *Lenin's Government: Sovnarkom, 1917–1922,* Cambridge, Cambridge University Press, 1979. This continuity can be seen by comparing the texts of some tsarist and Soviet laws.

[5] In his monumental work on Stalin, Dmitriy Volkogonov blames bureaucratism on the period of "war communism." See *Triumf i tragediya* (Triumph and Tragedy), Moscow, "Novosti," 1989, Ch. 2.

[6] A recent work in the anti-bureaucracy genre is Ye. I. Komarov, *Byurokratizm—na sud glasnosti!* (Bureaucratism To the Court of *Glasnost'*), Moscow, Politizdat, 1989.



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The Beissinger book shows that divisions—political and methodological—as well as bureaucratic-political infighting have arisen in all Soviet attempts to improve administration. It also appears that Soviet management is in a "chaotic state" and that management science in the USSR is "a curious mix of capitalist organizational theories and Marxist-Leninist dialectics" with no new Soviet ideas or distinctive approaches (pp. 187–88). The book is illuminating on the sociology of Soviet industrial managers (Ch. 6), as well as on the important but amorphously and difficult topic of Soviet managerial and bureaucratic culture or style, e.g., secrecy, technocratic utopianism, and gigantomania.

Beissinger is quite correct in seeing that economic reform is an attempt to revitalize, not fundamentally change, the Soviet administrative system (p. 275) and in observing that Gorbachev's Soviet Union is a society in a "struggle against itself." The author correctly notes that Gorbachev's program of change faces the danger of amounting only to the "beginning of a new bureaucratic cycle" and not the breaking up of the "antibureaucratic bureaucracy" that has existed for so long (p. 284).

The book ends with a profound discussion about the inherent limits and difficult outcomes in applying Western managerial techniques to a Soviet-type system. Beissinger concludes that only the "diffuse discipline of markets and . . . political pluralism" can master overbureaucratization (p. 298).

It now appears that Gorbachev will not bite the bullet of "unlimited government" that causes and preserves that bureaucratic problem. Gorbachev's rule began, in effect, as a rebirth of the provisional government that the Bolsheviks ended in 1917. But only a successor system, now perhaps tortuously coming into being in a struggle with both Gorbachev and neo-Bolshevism, and necessarily without Gorbachev at its head, might eventually bring about a normal Russia with bureaupathology limited sufficiently to cope with the already emergent and demanding requirements of 21st-century administrative rationality.

In a way, Beissinger foresaw part of the present Soviet "pre-crisis situation," i.e., one brought about partly by the inability of Soviet administrative institutions to adapt to new requirements and constraints and escape from their "festering bureaucratic malaise" (p. 263). Brezhnev's faith in aspects of management science, especially computerization, seems to have been excessive, particularly given the "junk in, junk out" culture of Soviet management.

JOSEPH S. BERLINER'S *Soviet Industry* is a welcome collection of 11 of the author's essays published between 1950 and 1987, plus one new essay written specially for the book. Among them are such classics as "The Informal Organization of the Soviet Firm" (1952) and "Bureaucratic Conservatism and Creativity in the Soviet Economy" (1971). As economist Holland Hunter says in his Foreword, these papers "reflect the evolution of Western understanding of the Soviet economic system" (p. vii). They are landmarks in an exploratory voyage through difficult and misleading material hedged round with extreme secrecy. Berliner's essays incorporate work and thought from anthropology and public administration to provide an intelligent and balanced account of the real world of Soviet economics and management. His work has been important in telling us about *blat* (influence), the *tolkach* (the expediter), the ratchet principle, and *shturmovshchina* (storming), and how all this and more have swirled together to create a distinctive kind of factory management and economic process, one extraordinarily resistant to reform and modernization.

For example, in his brief 1956 article " A Problem in Soviet Business Administration," Berliner discusses *shturmovshchina*, one of "a number of nagging little problems" still plaguing Soviet industrial organization. He suggested solving it through the introduction of some slack—a general reduction of plan targets—but realized that his "gratuitous suggestion" would probably not be accepted, for it would require a fundamental change in the nature of the Soviet economy.

In "Bureaucratic Conservatism and Creativity in the Soviet Economy," Berliner subjected the planning bureaucracy, with the economic ministries at its core, to careful examination. He considered three issues that bear on the planning bureaucracy as the link between central planners and enterprise managers: the problem of motivation, determining what to produce, and the innovation of new technology. (Here, Berliner was dealing with a crucial issue that he was to examine in depth in a later work, *The Innovation Decision in Soviet Industry*).[7] He identified two major sources of the economy's ineffective operation: the absence of quantitative indicators of relative values of commodities and the existence of an incentive system that motivated behavior contrary to that desired by the party. To ameliorate these problems, he suggested a pricing system that would closely approximate actual costs of commodities and factors of production and the introduction of a criterion of performance and a set of

[7]Joseph Berliner, *The Innovation Decision in Soviet Industry*, Cambridge, MA, MIT Press, 1976.



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incentives that would lead to decisions consistent with the party's preferences. Yet, even today, these steps have not been taken.

One is driven, after so many years of non-reform, to ask what the "party's" preferences really are. Berliner assumes the party actually wants a well-functioning and highly productive economy. We know only that its official publications say these are its goals. In fact, it is the "party"—with its internal divisions and diversity and its corrupting ties to the production process and its bureaucrats and functionaries—that impedes and even sabotages reform. After all, many party *apparatchiki* went to school with somebody who is now an economic functionary, and in addition, *apparatchiki* in enterprises and economic ministries have long been inextricably tied to these institutions' reward systems and day-to-day operations.

In short, many in the party favor the existing arrangement and oppose reform. Only if Gorbachev had abolished the party-state and governed through another mechanism might this "dead hand" of the party over the economy have been removed and reform become at least possible.

Berliner's perspective is overly "economistic," blaming Soviet economic deformations and problems almost solely on economic causes. How do we know that the Soviet economy as it is, warts and all, is not partly a natural outgrowth of Russian society and culture, living on under cover of socialist language and slogans? This is not to say that communist ideology and Stalinist practices did not exacerbate economic problems, but only to suggest that the Soviet way of running an economy may, to some degree, be the Russian way. Only in a post-Gorbachev and noncommunist environment might we begin to see a fully "natural" Russia, emerge. Then we shall see if Soviet economic problems fully disappear.

Berliner's concluding essay, entitled "Continuities in Management from Stalin to Gorbachev: 1988," was written specially for the volume. It is a model analytic description of the Soviet management system. The author notes that despite the great changes in the nature of Soviet technology, workers, managers, and even the ministries, "certain features of managerial behavior have not changed" (p. 269). Nor has the internal structure of the enterprise. "Val" survives in a "subterranean existence as if by some conspiratorial agreement between ministry and enterprise" (p. 276). In comparing the findings of Harvard University's Refugee Interview Project of 1950 (in which Berliner was an interviewer) with those of the Soviet Interview Project (SIP) of the 1980's, it is "eerie," he says, "how little is changed" (p. 277). Still with us are at least ten past restrictive practices, including the ratchet, enterprise autarky, storming, materials hoarding, and, of course, the *tolkach*—that indispensable and peripatetic epitome of Soviet industrial informalism.

"It is the persistence of central economic planning" and the lodging of all reforms within central planning's framework, Berliner notes, that accounts for the persistence of these informal practices. Only if central planning were eliminated, concludes Berliner, might there be an opportunity to alter the organization of the Soviet firm.

THE THIRD book under review here is Bruno Grancelli's *Soviet Management and Labor Relations,* a revised and updated version of a book previously published in Italian.[8] The first of three major sections of this book concentrates on the main characteristics of labor relations during the three major industrialization drives in Russian history: that promoted by Peter the Great, the second and partly capitalist one of the late imperial period, and the one imposed by Stalin. The second section describes labor legislation and the main features of social planning at enterprise and territorial levels. The final section contains chapters on the present and long-standing relationship between factory administrations and higher authorities, particularly "webs of mutual involvement" or "family circles," and their economic effects; on industrial relations in the workplace and the dualistic functioning of trade-union committees; on the personal characteristics and the strategic behavior of three types of workers—the "vanguard of production," the "individualists," and the "backwards"; and on strikes and attempts to set up new, independent trade unions.

Grancelli's skillful blending of Soviet sociological research on his topic and a variety of other Soviet and Western sources, including the SIP studies, tells a sad and dismal tale—of the lack of congruence between official goals in Soviet industry and the operational reality. The work is particularly perceptive in differentiating between the behavior of male and female workers, e.g., in activism and participation in "social management of production." Men participate at higher rates than women. Also, many more men than women quit because of low wages (pp. 148, 157). It is also to be noted that the factoring out of instances where one worker partici-

[8]Grancelli, a lecturer in the Department of Social Policy at the University of Trento in Italy, has concentrated in his research and teaching on Soviet management and labor relations and on the social consequences of the Soviet hidden economy. In 1990, he helped organize an international conference at Trento on self-employment and entrepreneurship in the socialist countries.



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pates in more than one social organization in the workplace reduces the level of "real participation" to about 50 percent of that claimed (pp. 157–58).

Grancelli's examination of actual worker behavior in Imperial Russia reveals many parallels between the tsarist past and the Soviet present in terms of industrial and social environments, the attitudes and style of life of the workers, and their relationship to both governmental authority and factory management. For example, during the Empire, "Russian metallurgical workers counted on their factories to provide for their basic needs, regardless of the prosperity of their economic sector or factory" (p. 11). And it was not so much the autocratic pattern of labor relations that workers protested as it was low wages and unfair punishment (p. 13). Moving from one job to another in search of better pay and working conditions, still so common today, was the "most widespread practice" at the individual level (p. 29).

The author also gives us a good sense of how Stalin made the trade unions into docile instruments of the state. A new labor policy was applied as part of a "pincer movement" of tough disciplinary measures and privileged "shock workers" who set higher quantitative performance standards (p. 45).

Grancelli also takes the reader into that special world of informalism and illegalism so typical of Soviet industrial management. Like Berliner, he points out that despite a series of seeming reforms, there has been "no fundamental change in the 'command-based' system of planning" (p. 85).

Grancelli emphasizes, correctly, that "priority is given, *in practice*, to the political stability of the regime rather than to economic efficiency" (p. 92, emphasis in original). The societal stability given by this peculiar economy militates against productivity, efficiency, and qualitative change. Any casual observer of the Soviet economy cannot avoid recognizing that this is still true. Even now, Gorbachev has not begun any fundamental economic reform, perhaps because as an accomplished politician who is a product of the Soviet system, he knows full well that the Soviet system of economic direction and management has political as well as economic control functions.

Grancelli finds that social-territorial planning has had little effect. He notes that city soviets have to trim their social programs "to suit the interests of local industry, as laid down by the republic or the union" (p. 140). Only a profound change in the relationship between local authorities and industrial ministries might give real scope to social planning.

Soviet workers, it is pointed out, have three ways to improve their work situation: change jobs, participate in production decisions (i.e., become an activist), or take shelter in the "shadow economy." The first way is taken, and frequently, by many young people, but not only by them. The second way is not taken by many. Only about 15–20 percent are serious participants in organs intended to improve the production process. Here, enrollment in the party remains the decisive variable. The majority of workers are too individualistic or apathetic. As for the third way, since enterprises give significant perquisites only to about 10 percent of their workers—that is the share of the workforce that actually gets to take regular advantage of trade union vacation centers and rest homes—and the rest "have largely to look after themselves" (p. 174), the second economy and various informal ways, some illegal, offer unavoidably attractive refuges and opportunities for workers to better their situation.

In his conclusion, Grancelli realistically emphasizes the complexity and contradictory nature of Soviet society; it is "a multifaceted world of conflicting interests," with industrial enterprises locked in a "striking amalgam" of command, bargaining, and shady dealings (p. 206). He rightly criticizes Western analysts who see Soviet realities in Western functionalist terms and give excessive credence to the claims of Soviet idealists. The only real possibility for the modernization of Soviet management and labor relations would be if managers were released from petty tutelage and administrative fiat in order to actually manage and if workers were permitted to create free trade unions.

WE are not yet at that historical moment when real reform may finally be tried. The Soviet economy has been successful in creating a class of people who benefited in status, power, and income from economic irrationality. Hence, Soviet society has walked a "treadmill" of pseudo-reforms, all doomed to stall or even run backwards. Now, although the economic (and socio-political) situation is so desperate that some real break from the old pattern should be tried, President Gorbachev has not been able or willing to free himself from significant anti-reform interests, and the political forces now arising out of *glasnost'* and the release of accumulated discontents have not been able to begin reform. But, perhaps eventually, these books may be turned to, not as guidebooks to an existing economy, but as histories of a past one, as well as a warning of how not to run an economy, any economy, anywhere.



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# Back to the Future in the Soviet Countryside?

**Don Van Atta**

V. P. DANILOV. *Rural Russia under the New Regime.* Translated and introduced by Orlando Figes. Bloomington, IN, Indiana University Press, 1988.

MAURICE HINDUS. *Red Bread: Collectivization in a Russian Village.* Bloomington, IN, Indiana University Press, 1988, a reprint of the 1931 original, with Foreword by Ronald Grigor Suny.

DANIEL THORNILEY. *The Rise and Fall of the Soviet Rural Communist Party, 1927–1939.* New York, St. Martin's Press, 1988.

ONE of the most debated questions in Western studies of the USSR is whether or not the forced, mass creation of standardized collective farms in the Soviet countryside was "necessary."[1] Debate on the issue surfaced briefly in the USSR itself in the 1960's, but was quickly repressed as it spread from small-print-run monographs to the general historical press. Now the debate over the "necessity" of collectivization has reemerged, as a major issue, in the Soviet Union. This time, the verdict is generally negative, as General Secretary Mikhail Gorbachev himself has all but rejected Stalin's agrarian policy.[2] Nevertheless, Gorbachev has not flatly condemned rural collectivization, a refusal that is at the heart of his political strategy and his political dilemma.

The Gorbachev leadership has need for a non-capitalist historical alternative to Stalinism as a basis for its claim to authority and as a model of economic organization. As in the debates between Marxists and Populists in Russia a century ago, or the controversy between "moral economy" and "rational choice" in the modern Western social-science literature on economic and political development in the

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[1]Participants in this controversy frequently talk past one another. Historians and political scientists tend to argue that the point of collectivization was to extend party-state control over the countryside, while economists generally focus on the purely economic effects of kolkhoz construction. Given these different emphases, it is no surprise that the two sides have repeatedly come to opposite conclusions. The voluminous literature includes James R. Millar, "A Reformulation of A. V. Chayanov's Theory of the Peasant Economy," *Economic Development and Cultural Change* (Chicago, IL), January 1970, pp. 219–29; Holland Hunter, "The Overambitious First Soviet Five-Year Plan," *Slavic Review* (Columbus, OH), June 1973, pp. 237–57; James R. Millar, "Mass Collectivization and the Contribution of Agriculture to the First Five-Year Plan," ibid., December 1974, pp. 750–66; idem and Alec Nove, "Was Stalin Really Necessary? A Debate on Collectivization," *Problems of Communism* (Washington, DC), July-August 1976, pp. 49–63; Mark Harrison, "Survey: The Soviet Economy in the 1920's and 1930's," *Capital and Class* (London), Summer 1978, pp. 78–94; James R. Millar, "Collectivization and Its Consequences: A New Look," *Russian Review* (Cambridge, MA), January 1982, pp. 60–67; Holland Hunter, "Soviet Agriculture with and without Collectivization, 1928–1940," Lynne Viola, "Back on the Economic Front of Collectivization or Soviet Agriculture without Soviet Power," and Hunter's "Reply," all in *Slavic Review* (Austin, TX), Summer 1988, pp. 203–26.

[2]Although he seems never to have flatly condemned collectivization, his views on the subject have clearly evolved so far that the absence of a flat statement seems more a matter of cosmetics than substance. For a lengthy consideration of the issue, see Gorbachev's report to the March 1989 plenum on agrarian policy. *Pravda* (Moscow), Mar. 16, 1989.



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Third World,[3] the underlying issue is whether or not there is some viable alternative to the capitalist market as an organizing principle for the economy of a modern society. If Marxism cannot supply one, then its claims to legitimacy collapse. As the Soviet regime gropes toward multiparty democracy and partial "destatization" of the economy, the question becomes one of more than purely theoretical interest.

WHETHER or not collectivization was necessary in the early 1930's, the Soviet Union must now live with the results of Stalin's revolution from above. History has largely justified the observation made then by American journalist Maurice Hindus:

*Whatever the outside world may think of collectivization, henceforth it must be the pivot on which the Revolution is to revolve. Should this pivot give way, the Revolution can only blow to pieces. But should it hold together, should collectivization as an economic enterprise prove feasible, however moderately, it will transfigure Russia as nothing else that the Bolsheviks have launched or have planned to launch. I cannot help regarding it as the most colossal revolution that mankind has ever launched.* (p. 7)

The economic verdict on Soviet collectivization is negative. But the political and social changes that collectivization brought about were indeed a "most colossal revolution." However the Soviet Union develops from here on out, it cannot restore anything like the pre-collectivization situation in the countryside. Although the very large-scale collective farms may disappear, the Soviet cities cannot be fed only by small farms. Some sort of larger agricultural units will survive.

Stalin claimed that collectivization was a necessary prelude to the mechanization of agriculture and subsequent increases in productivity and production. But, in fact, the organizational and social consequences of collectivization largely negated the potential technological advantages of reorganizing peasant farming.

In Western Europe, major increases in productivity accompanied reorganization of the countryside, preceding and making possible urbanization and industrialization.[4] In the Soviet Union, collectivization allowed the regime to limit peasant consumption drastically and to shift the available surplus to the cities. But neither reorganization of landholding and land use nor the introduction of machinery and improved strains of plants and livestock have yet led to a quantum leap in agricultural productivity in the USSR of the sort that preceded the industrial revolution in Western Europe. The same administrative means are still used today, leaving the Soviet countryside less to eat than has been available in the major cities. The Soviet Union is the only industrialized country that still lives from harvest to harvest. Collectivization failed in its avowed purpose of making possible a vast increase in Soviet food supplies.

"Depeasantization" through the creation of collective farms laid the foundations for the Stalinist economic and political system. As Soviet historian Viktor Danilov has written, the introduction of required deliveries from kolkhozy and payment in kind for the work of the machine-tractor stations in 1933, together with the introduction of the labor-day (residual) wages system, created a "natural" (barter) economy both between the kolkhozy and the state and between the kolkhozy and their members. These changes established the bases of the "command-mobilizational system of bureaucratic adminstration." Destruction of this system, concluded a recent Soviet round-table discussion, is "the main task of *perestroyka* in our times . . . ."[5]

This system required the administrative allocation of foodstuffs. Until recently, a resident of Moscow could still buy several times more meat than his fellow citizen outside the Ring Road—and the curtailment of such privilege and the associated redistribution of supplies since early 1989 is one important cause of the perception in Moscow and Leningrad that food supplies throughout the country have gotten shorter. Such "empty-shelves rationing" is the functional equivalent of the ration-card system that is sometimes used in its place.

In the 1930's, the famine created by collectivization led to the reimposition of residence permits and internal passports, which still constrain and distort population and labor flows today. The "administrative-command" system of managing the entire economy developed from the need to mobilize agricultural work in the absence of other, economically-based, incentives. Until farmers accept alternate

[3]James C. Scott, *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*, New Haven, CT, Yale University Press, 1976; idem, "Hegemony and the Peasantry," in *Politics and Society* (Los Altos, CA), Vol. 7, No. 3, 1977; and Samuel Popkin, *The Rational Peasant: the Political Economy of Rural Society in Vietnam*, Berkeley, CA, University of California Press, 1979.

[4]Paul Bairoch, "Agriculture and the Industrial Revolution, 1700–1914," in Carlo M. Cipolla, Ed., *The Fontana Economic History of Europe: The Industrial Revolution*, London, Collins/Fontana, 1973, pp. 452–501.

[5]"A Round Table: The Soviet Union in the 1920's," *Voprosy Istorii* (Moscow), No. 9, 1988, pp. 6–7.



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incentives, coercive methods and mobilization campaigns will be required to get agricultural work done, and these means will continue to infect the rest of the economy.

Communists either tempered in or disgusted by the "struggle for grain" made up the factions in the power struggles of the late 1920's and 1930's. Opposition to Stalin's rural policy was the driving force of the movement to elect a new general secretary at the 1934 "Congress of Victors" (the victory being over the peasants!) and so was the trigger for the blood purges. The party that emerged from the Stalin era was no longer a political organization at all, but an intrinsic part of the administrative machine, alienated from its peasant (and worker) subjects.

Since the Soviet regime, and the party's claim to rule, are so intimately bound up with the history of collectivization, many participants in the furious policy debates of recent years have turned to that history for evidence to support their arguments.[6] The books under review here extend our understanding of collectivization, and their findings shed new light on two key issues of contemporary Soviet politics, the future of the kolkhoz system and the possible functions of the Communist party in a reconstructed political system.

VIKTOR Danilov has been one of the most visible academic participants in the reevaluation of collectivization carried out since 1987 in the general Soviet press.[7] Like most of today's leading Soviet agrarian historians, he matured in the Khrushchev era. His first book, on the material conditions for collectivization, appeared in 1957. By the early 1960's, he was the responsible editor of a definitive new two-volume *History of Collectivization in the USSR*.[8] The book was set in type and ready for publication no later than 1966,[9] and a 1965 article by Danilov in the *Soviet Historical Encyclopedia* apparently summarized the work's conclusions.[10]

However, the review of the first ten volumes of the *Historical Encyclopedia* in the party's theoretical journal *Kommunist* criticized Danilov's article for failing to observe the demands of Marxist-Leninist methodology consistently and for emphasizing the forced pace of collectivization. The reviewers were particularly upset because his article cited party documents on the errors of collectivization without noting places in those same decisions that praised its successes, a standard technique for safely criticizing party policy.[11]

The fate of the collectivization volume and its editor was sealed by the ideological crackdown following the 1968 Soviet invasion of Czechoslovakia. In early 1969, an authoritative article in *Kommunist* criticized Danilov by name and condemned his *Encyclopedia* article for "blackening the party's activity in the socialist transformation of agriculture" and failing "to see the revolutionary significance of those transformations."[12] As a result of these attacks, the collectivization history never appeared. The type was broken up, and the unit of the Academy of Sciences' Institute of History charged with studying collectivization, which Danilov had headed, was closed.[13]

Danilov saved his career by shifting the focus of his work to the period of the New Economic Policy, which ran from 1921 through 1928. *Rural Russia under the New Regime* is a translation of the first book he was allowed to publish after the battle over the collectivization history. Published in Russian in 1977 under the title *The Soviet Pre-kolkhoz*

[6]See Thomas Sherlock, "Politics and History under Gorbachev," *Problems of Communism*, May-August 1988, pp. 16–42, esp. pp 19–23; R. W. Davies, *Soviet History in the Gorbachev Revolution*, Bloomington, IN, Indiana University Press, 1989; and Thomas Sherlock and Vera Tolz, "Debates over Number of Stalin's Victims in the USSR and in the West," *Radio Liberty Research* (Munich), RL 409/89, Aug. 23, 1989.

[7]His writings have included "The Sources and Lessons of Collectivization," *Pravda*, Aug. 9, 1987; "Notes on Historical Themes: At the Birth of the Kolkhozy," *Sovetskaya Rossiya* (Moscow), Oct. 11, 1987; "October and the Agrarian Policy of the Party," *Kommunist* (Moscow), No. 16, November 1987, pp. 28–38; "Collectivization: How It Was," *Pravda*, Aug. 26, 1988; and "Collectivization: How It Was," ibid., Sept. 16, 1988.

[8]Comments on "the banning of Danilov's second monograph" in the mid-1960's in Orlando Figes' introduction to *Rural Russia under the New Regime* apparently refer to this collective work.

[9]In a round-table discussion, Danilov says the book was "prepared" (*podgotovlen*) at the beginning of the 1960's. See "Discussions and Judgments—Collectivization: Sources, Essence, Consequences, a Round-Table Conversation," *Istoriya SSSR* (Moscow), No. 3, 1989, p. 6. A 1987 group interview with three of the authors, Danilov, Mikhail Vyl'tsan, and Nikolay Ivnitskiy, "Pages of History: To Look Back and Rethink the Past," *Sel'skaia Nov'* (Moscow), December 1987, pp. 14–17, says that "more than 20 years ago," the book was "practically forbidden to be printed." The other co-authors were Mariya Bogdenko and Ilya Zelenin. Since the 1960's, these five scholars have produced much of the major work on post-revolutionary agrarian history.

[10]"Collectivization of the Agriculture of the USSR," *Sovetskaya istoricheskaya entsiklopediya* (Soviet Historical Encyclopedia), Moscow, "Sovetskaya Entsiklopediya," Vol. 7, 1965, pp. 483–99.

[11]A. Gukovskiy, A. Ugryumov, and V. Kul'bakin, "In the Pages of the *Soviet Historical Encyclopedia*: Observations of Historians," *Kommunist*, No. 4, February 1968, pp. 107–14, esp. pp. 109–10. The review criticized the authors of several articles, but did not name any of the encyclopedia's editors or contributors.

[12]V. Golikov, S. Murashov, I. Chkhikvishvili, N. Shatagin, S. Shaumyan, "Toward a Leninist Party-Mindedness in Elucidating the History of the CPSU," ibid., No. 3, February 1969, pp. 67–82. Danilov is criticized on pp. 78–79. See also *Sel'skaya Zhizn'* Editor P. F. Alekseyev's criticisms in "The Five-Year Plan and the Press: Land, People, Publishing," *Zhurnalist* (Moscow), May 1969, pp. 6–7.

[13]Davies, op. cit., pp. 3, 176.



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*Countryside,* it examines population, land use, and farm organization during the 1920's.[14] A second book with the same main title, covering social structure and class relations in the NEP countryside, appeared in 1979.[15]

The rural Russia that Danilov delineates had largely reverted to traditional peasant forms as state authority was lifted from it by revolution, civil war, and NEP. This volume is about the last years of traditional agriculture in Russia, before collectivization brought "the complete dissolution of all peasant family forms of land use and the final destruction of the former system of agrarian relations" (p. 204).

In the second volume of *The Soviet Pre-kolkhoz Countryside,* Danilov explains that a complete study of the peasantry in the 1920's demands analysis of three "interconnected, but not coincident, subsystems" of economic and social relations:

*first, relations within the peasant household as a family-laboring association, operating a small economic unit; second, the relations of the household economic unit as a whole with other economic units of the same kind in the local framework of the rural* obshchina *as a neighborhood form of land use, labor cooperation, and social interaction; third, the relations of those same household economic units with other economic units, with other branches of the economy and social classes, with the state and society as a whole, taking form on the basis of increasing market production and relations and including the peasantry in broader regional and all-union economic relations.*[16]

However, the translated volume examines only the first two of these subsystems—relations within the peasant household/economic unit and relations between such units.

The very brief conclusion of the work under review considers the broader issue of possible alternative policies for agricultural development in the 1920's:

*The internal problems of the peasant family household [farm] could have been resolved in one of two ways: either through the disappearance of the smallholding family labor farm, as a consequence of agrarian capitalist development; or through its reorganization in large-scale collective farms (the cooperativization of production). The first solution entailed the disintegration and the disappearance of the peasantry as a social stratum; the second entailed forming a new class of peasant collective farmers.* (p. 305)

To pose the choice in such stark terms was, of course, the official line in 1977, as it had been since Stalin's time. It is not clear whether at the time Danilov believed these were the only possible outcomes (the brevity of his conclusion itself makes it seem an afterthought). Certainly his writings since 1985 show that he now believes that there were other alternatives.

Modernization always requires rural transformation. As Danilov recently commented, "farming on small scraps of land with the aid of primitive implements condemned the peasant to heavy manual labor, assuring him only subsistence, eternal reproduction of the same backward conditions of labor and life." A revolution in landholding patterns and agricultural techniques and technology was needed to develop the country and, ultimately, for Soviet farmers to live better. Although any such change would have inevitable human and material costs, Danilov now concludes that "no objective conditions can justify the violence against the peasantry used in implementing Stalinist collectivization and dekulakization."[17]

As Danilov writes elsewhere, Nikolay Bukharin offered an alternative to the Stalinist approach:

*In opposition to Stalin's line emphasizing violence in the struggle with the enemy and willful administrative methods stands the Bukharinist [alternative]: to improve the work of the party and the state, to realize the country's industrialization and the socialist cooperativization of agriculture to the degree that objective and subjective conditions would allow, to preserve and improve the economic mechanism assembled during the years of NEP.*[18]

This alternative offered neither capitalism nor Stalinism. Instead, it might have led to socialism in the countryside through the creation of a multitude of cooperatives engaged in credit operations, marketing, and distribution, in addition to the kolkhoz-style production cooperatives.

To be sure, this option might not

[14] *Sovetskaya dokolkhoznaya derevnya: Naseleniye, zemlepol'zovaniye, khozyaystvo* (The Soviet Pre-kolkhoz Countryside: Population, Land Use, Economics), Moscow, Izdatel'stvo "Nauka," 1977.

[15] In the translator's introduction, Orlando Figes mentions that a third volume in the series is yet to come.

[16] *Sovetskaya dokolkhoznaya derevnya: Sotsial'naya struktura, sotsial'nyye otnosheniya* (The Soviet Pre-Kolkhoz Countryside: Social Structure, Social Relationships), Moscow, Izdatel'stvo "Nauka," 1979, pp. 13–14.

[17] "Collectivization: How It Was," *Pravda,* Sept. 16, 1988.

[18] "Collectivization: How It Was," ibid., Aug. 26, 1988.



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have worked. Cooperatives, with their principled avoidance of politics and their emphasis on the members' economic interests, had traditionally been viewed by European socialists as devices that abetted the creation of rural capitalism. Given the political outlook of the Bolshevik party of the time, cooperativization might very well have failed even if it were economically feasible.[19]

Whether the cooperative alternative might have worked or not, Danilov's point in 1988 was that it was never seriously attempted. In 1977, he could not even discuss the possibility of developments other than restored capitalism based on peasant farming or Stalinist collectivization. So *Rural Russia under the New Regime* neither accurately represents Danilov's views as they now stand nor does it even provide a complete discussion of the implications of his careful study of the conditions of the NEP countryside.

The censor is largely to blame for these difficulties. In 1977, Bukharin, let alone the idea of a "Bukharinist strategy" opposed to Stalin's, could not be discussed in print in the Soviet Union.

PERHAPS even more damaging to the coherence and accuracy of *Rural Russia under the New Regime,* however, was the prohibition on discussion of the ideas of Aleksandr Chayanov. Chayanov, a prolific writer, activist in the Russian cooperative movement, sometime member of the collegium of the State Planning Committee (GOSPLAN), and founder of what is now the All-Union Research Institute of Agricultural Economics, was the preeminent Soviet agricultural economist of the 1920's.[20] His ideas, which clearly influenced Lenin in his late writings on the NEP as well as Bukharin's strategic conceptions, were condemned by Stalin in 1929.[21] Arrested in the Agricultural Academy building in Moscow in June 1930, Chayanov was tried as a leader of the so-called Laboring Peasants' Party at a closed trial.[22] He reportedly died in a labor camp in March 1939.[23] Although his literary works were revived somewhat earlier, Chayanov's ideas on agricultural organization were formally rehabilitated only in 1987.[24]

Chayanov argued that the Russian countryside was characterized by so-called laboring family farms, in which economic success was largely a function of the number of workers available to the family. Thus, farm size and prosperity were a function of the family life cycle (poor and small in a newly established family, large and prosperous when children had reached working age, poorer and smaller again as children founded families of their own and partitioned the home holdings). Such a peasant society, Chayanov further argued, constituted a specific, non-capitalist, mode of production. Chayanov was criticized because this concept of "peasant family production" was static, lacking any mechanism for social change.

The autonomy of peasant production implied that it did not have to evolve into capitalism; it could, with appropriate manipulation by the political authorities, be guided into socialism. Chayanov argued for transforming the countryside by creating cooperatives. However, he did not assume that one form of cooperative must or should lead to another, nor that cooperatives had to be universal, built on a single model, or limited only to production organization. Although he acceded to the idea of huge, newly-organized "grain factories," he denied that simply creating large farms everywhere would provide economies of scale like those found in modern large-scale industry.

Chayanov's ideas were largely lost in the USSR, but they survived among theorists of economic development in the West. The general editor of the series in which the translated Danilov volume appears, Teodor Shanin, has done much to popularize in the West and in the USSR Chayanov's analysis of the developmental alternatives facing Soviet Russia during the NEP.[25]

*Rural Russia under the New Regime,* with its emphasis on the organization of the working peasant farm, has a natural affinity with Chayanov's scheme. Danilov understands this connection. But he explains the essentials of Chaya-

[19]On the problems of the Soviet cooperative movement in the 1920's, see Robert F. Miller, "Soviet Agricultural Policy in the Twenties: The Failure of Cooperation," *Soviet Studies* (Glasgow), April 1975, pp. 220–44.

[20]Daniel Thorner, Basile Kerblay, and R.E.F. Smith, Eds., *A. V. Chayanov on the Theory of Peasant Economy,* Homewood, IL, Richard D. Irwin, 1966; A. V. Chayanov, *Izbrannyye proizvedeniya* (Selected Works), Moscow, "Moskovskiy rabochiy," 1989.

[21]Susan Gross Solomon, *The Soviet Agrarian Debate: A Controversy in Social Science, 1923–1929,* Boulder, CO, Westview, 1977.

[22]V. Balyazin, "A Resurrection: On the 100th Anniversary of the Birth of A. V. Chayanov," *Oktyabr'* (Moscow), January 1988, pp. 146–71, esp. pp. 168–70.

[23]A. A. Nikonov, "The Scholarly Inheritance of A. V. Chayanov and the Present," *Vestnik Sel'skokhozyaystvennoy Nauki* (Moscow), July 1988, pp. 44.

[24]Valeriya Shubina, "Shagreen Soil," *Literaturnaya Gazeta* (Moscow), July 15, 1987, p. 10; Julia Wishnevsky, "Rehabilitation of Stalin's Agrarian Opponents," *Radio Liberty Research,* RL 334/87, Aug. 18, 1987; Lev Voskresensky, "Posthumous Justice: A Group of Scientists Is Exonerated," *Moscow News,* No. 33, 1987. For references to more of the rapidly-growing Soviet literature, see V. V. Kabanov, "Aleksandr Vasil'yevich Chayanov," *Voprosy Istorii,* June 1988, pp. 146–67.

[25]Teodor Shanin, *The Awkward Class: Political Sociology of Peasantry in a Developing Society. Russia 1910–1925,* Oxford, Clarendon Press, 1972. Balyazin, op. cit., tells of the sensation caused by Shanin's lecture on Chayanov to the Lenin Agricultural Academy.



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nov's theory of the family life cycle only to condemn it (pp. 226–27).

Danilov's criticism of Chayanov continues:

*It should be obvious that when dealing with the 1920's, it is difficult not to mention such phenomena as commodity production and capitalism, as it is simply to deny the significance of inequality in the distribution of the means of production and other factors of class differentiation among the peasantry.* (p. 227)

But it is precisely in the context of the post–civil war transition toward a marketized agriculture that Chayanov's ideas make sense. As Danilov observed, "the commoditization of kolkhoz production went far beyond that of the peasant farms" (p. 297). His proposed network of cooperatives might have provided a means of sheltering peasants from the full fury of market competition, thereby easing the transformation of the countryside.

Danilov also criticizes Chayanov for giving primacy to the issues of the peasant households—their establishment, partition, merger, resettlement, and liquidation (p. 227). However, the author has—as we saw above—himself identified this as one of three key foci of research. Moreover, in *Rural Russia under the New Regime,* Danilov points to arguments about problems of land inheritance (partitioning) and reorganization (the creation of independent farms, or *khutor*) as primary reasons why NEP Russia could choose only between a reborn capitalism or kolkhoz socialism.

In traditional peasant agriculture, parcellization of land into plots too small to support a family is a constant threat. Under serfdom, Russian peasants were sometimes prevented from partitioning their households because the new, smaller units would be less productive.[26] The new Soviet government faced a similar problem and, as Danilov writes, also attempted to curtail household division.

However, to make land parcels truly indivisible would have effectively legalized some form of discriminatory inheritance, such as primogeniture. Danilov notes that:

*during the Stolypin agrarian reforms the majority of peasants decisively opposed* khutor *enclosure, precisely because it led to primogeniture and would therefore mean the dispossession of an enormous part of the peasant population in future.* (p. 251)

Danilov is saying that the only alternative to collectivization was individual farming on a Western model. Individual farms would be created by enclosure, and much of the rural population would become surplus, driven off their land. To him, only collectivization was capable of preventing the enormous human costs of agricultural transformation that Marx described so eloquently in the first volume of *Das Kapital.*

But this was not Stalin's concern: he argued that the key issue was productivity, which he sought to raise by means of large-scale mechanization. And only collectivization could create parcels of land big enough for such mechanization. Danilov in 1977 justified this policy because he said it avoided the brutal "depeasantization" of the countryside that the agricultural and industrial revolutions brought about in Western Europe. However, it actually resulted in an even more radical and brutal transformation of the peasants' life without even allowing them the free choice to leave the countryside.

The argument that collectivization was necessary ignores a whole range of alternate possibilities. A socialist system might provide reasonable incentives and a "safety net" for people to leave the land (rather than coercively drafting them into unskilled construction and industry as the *orgnabor* did in the 1930's and 1940's or allowing today's new rural migrants—"*limitchiki*"—only limited-time city residence permits). Relatively small-scale local industry might have absorbed some of the labor surplus without requiring it to move; yet, Stalin forbade the development of primary processing or other sideline enterprises on the farms in order to insure that the state received all their produce. Other improvements such as the use of higher-yielding varieties of grain or better cultivation techniques with improved "appropriate technology"—hand and horse-drawn equipment (which might have been produced with less investment in industrial plant and equipment)—would not have required such a radical reorganization of landholding patterns and could have been introduced gradually with less social dislocation. This might ultimately have resulted in the creation of more resources for industrialization.

Such vital issues and the contributions of important thinkers could not be openly discussed even in 1977. Permission has now been given to publish the long-suppressed history of collectivization. Danilov and his co-authors have decided to rework it rather than issue the original manuscript, which would be no more than a "monument to the historiography of the early 1960's."[27] In the same way,

[26]Steven L. Hoch, *Serfdom and Social Control in Russia: Petrovskoe, a Village in Tambov,* Chicago, University of Chicago Press, 1986, pp. 84–90. I am indebted to Brian Davies for bringing this work to my attention.

[27]See the *Istoriya SSSR* round-table discussion cited in fn. 9.



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*Rural Russia under the New Regime* is disfigured by the limits of the official historiography of the late 1970's. It contains a great deal of information, but the overall argument of the book must be treated with great care.

MAURICE Hindus's first-person account of life in his native Belorussian village in the summer of 1929 raises many of the same issues as Danilov's work. Hindus emigrated to America with his family in 1905, completed an American education, and became one of the first and best writers of first-person accounts of life in the USSR. In *Red Bread,* Hindus contrasts the Bol'shoe Bykovo he saw in 1929 both with the village he had found at the height of NEP in 1925[28] and with what he knew to be happening as collectivization gathered force at the end of 1929 and 1930, while he was completing *Red Bread* in the United States.

Although Hindus has been called an apologist for Stalinism (a charge convincingly refuted in Ronald Suny's Foreword to this edition), his description of peasants clinging to their traditional ways of minimizing uncertainty and of committed, ignorant party cadres certain that they know the way to the brighter future rings true. For the peasants at this moment, the "launching of the class war in [the] village was an artificially made affair" (p. 22). Its bloody consequences, and the transformation of peasants and cadres that full-scale collectivization would engender, had only just begun.

As studies of peasant adaptation to changing circumstances in other areas of the world suggest, the peasants Hindus knows are not so much opposed to technical change as such as they fear anything that might threaten their narrow subsistence margin. They think only in terms of their own personal survival.[29] He writes:

*"We won't even be sure," someone else continued the lament, "of having enough bread to eat. Now, however poor we may be, we have our own rye and our own potatoes and our own cucumbers and our own milk. We know we won't starve. But in the kolkhoz, no more potatoes of our own, no more anything of our own."* (p. 24)

Partly they fear a return to the serfdom they had so recently escaped, a servitude they associate with not being able to make their own production decisions. To an outsider, it may have seemed that in a society where cultivation decisions already had to be made in common, loss of control over one's own plot was not that important. But the difference between decisions made by the *mir* and those made by an imposed farm management was subjectively great, the difference between freedom and servility:

*"Everything will be rationed out by orders; we shall be like mere* batraki *[agricultural laborers] on the landlord's estates in the old days. Serfdom—that is what it is—and who wants to be a serf?"* (p. 24)

The Bukharin/Chayanov strategy would have sought to overcome this resistance by demonstrating the superiority of the kolkhozy. Interestingly, Hindus interviews the director of the local kolkhoz, who, though he knows that people do not work as hard on his collective as they do for themselves, believes that in time a proven better life will overcome peasant resistance (pp. 350–51).

At the time Hindus visited his Belorussian village, the debates about collectivization were still in progress. The people he talked to described furious battles of the previous winter, and he finds some examples of forcible dekulakization, but the conflict in the countryside Hindus chronicles was still a political struggle for the willing, if grudging, consent of the peasants to the onrushing social change.

DANIEL Thorniley's study of rural party organizations in the 1930's graphically demonstrates for us the change in relations between the regime and the peasantry that followed the shift to general, forced collectivization at the end of 1929. In preparation for collectivization, the rural party organizations were purged of elements deemed too sympathetic to the peasants. However, beginning in 1929, these organizations grew rapidly in numbers and gained in sophistication (the table on p. 2 summarizes his findings). This growth is consistent with Lynne Viola's story of the 25,000ers—the committed, believing industrial workers sent to the countryside in 1929–30 to strengthen the network of local party organs.[30]

But after the shift to general collectivization and the coercive measures to subdue peasant resistance—particularly the collectivization famine—the nature and role of the rural party changed. The party district committees, the *raykomy,* were strengthened, but as administrative organs, not as outposts of a political party struggling for political support. Between 1932 and 1938, Thorniley finds, the rural primary

[28]These he described in an earlier work, *Broken Earth,* New York, International Publishers, 1926.

[29]See Scott, op. cit.; and idem, *Weapons of the Weak: Everyday Forms of Peasant Resistance,* New Haven, CT, Yale University Press, 1985.

[30]Lynne Viola, *The Best Sons of the Fatherland: Workers in the Vanguard of Soviet Collectivization,* New York, Oxford University Press, 1987.



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party cells declined as their members were purged and the regime put control and subordination of the primary party organizations ahead of their possible mobilizational uses. By the end of the 1930's, the rural party was effectively dead. Rural society was administered through the *raykomy* and the machine-tractor stations, and political work in the countryside had become a mere formality.

THE tumultuous state of the countryside in the 1930's led many people to leave their ancestral villages. The massive movements of deported kulaks and "well-off" families who sold their holdings and left for the new urban construction sites just ahead of the local authorities were swollen further by rural youth mobilized for industrial labor and many of the newly-trained farm machinery operators, who often left for the cities as soon as they had their equipment operator's license safely in their pockets. World War II led to a further depopulation of rural Ukraine and Russia, as able-bodied men went into the army, and the secret police of the regime and of the occupiers competed in turn in searching out disloyal elements among those who remained.

To the story of postwar hunger in a countryside now populated largely by the old and crippled must be added the effects of Nikita Khrushchev's decision to concentrate investment on the opening up of new agricultural areas in the Virgin Lands in the early to mid-1950's. Because of the focus on the new regions, the older agricultural areas of European Russia and Ukraine, and even the black-earth zone of central and southern European Russia, received relatively little investment or attention. In the 1950's and early 1960's, the population shifts out of the countryside continued and even accelerated.

By the early 1970's, it was clear something had to be done to restore the country's agriculture. But Leonid Brezhnev's solution—to spend large amounts of money on equipment and production facilities and to create new, "urban-style" villages—missed the mark. Few peasants chose to stay—once uprooted, they went not to the new villages, but to the cities themselves.

Far from improving matters, the extension of guaranteed wages to the kolkhoz peasantry in the mid-1960's accelerated the negative changes begun by industrialization and the regime's previous neglect of the countryside. With incomes guaranteed, peasants were more and more satisfied just to do what the bosses wanted, even when pursuit of higher farm incomes destroyed the land. By the late 1970's, Soviet writers and journalists were warning of widespread demoralization on the farms. The rural prose writer Fedor Abramov lamented:

*How can one fail to rejoice in the abundance that has come to the Pinega region and to our village? But to what do we owe all these gratifying changes? Alas, we owe them to the state. We owe them to ever-increasing state investments and subsidies, which for the state farm as a whole come to nearly 2 million rubles. What about you yourselves, dear fellow villagers? Do you have a sense of your own responsibility for the communal sector? Do you always perform your duties? Does your work always justify your high earnings and the special benefits northerners get? Aren't you, willy-nilly, turning into parasites on the state? Gone is the former pride in a well-plowed field, a nicely shaped haystack, a cleanly mowed meadow, or well-cared-for livestock, sparkling in every respect. More and more, love for the land and of one's work is vanishing, and self-respect is being lost.*[31]

This image of the demoralized countryside reminds one of the anomie in the small Italian village described by Edward Banfield a generation ago, in which traditional social and political structures had been destroyed but modern ones had not yet taken root.[32] The Soviet countryside has, indeed, lost something precious and irreplaceable. But some, including Gorbachev, seem to believe that it is possible to rebuild this countryside on a modern basis, if only the peasant is made "master of the land" (*khozyain zemli*) once again.[33]

The group of radical Soviet agricultural economists who argue for establishing "farmer's farms" alongside reorganized collective and state farms also suggest that rebuilding the countryside is a real possibility.[34] Although they have not yet said so publicly, their position implies that collectivization was the functional equivalent of the bloody process of enclosure endured in the English countryside, or of the slow, painful transformation of villagers into Frenchmen in the course of France's modernization and industrialization.[35]

Now that this awful phase has

[31]Fedor Abramov, "An Open Letter to My Countrymen: The Way We Make Our Living," *Pravda*, Nov. 17, 1979, as translated in *The Current Digest of the Soviet Press* (Columbus, OH), Dec. 12, 1979, pp. 9, 14.

[32]Edward C. Banfield, *The Moral Basis of a Backward Society*, New York, The Free Press, 1958.

[33]See, for instance, the opening paragraphs of Gorbachev's main report at the March 1989 Central Committee plenum on agrarian policy. *Pravda*, Mar. 16, 1989.

[34]This is, in particular, the position of Vladimir Bashmachnikov, a "*konsul'tant*" to the Central Committee's Department of Socio-Economic Policy.

[35]See Eugen Weber, *Peasants into Frenchmen: The Modernization of Rural France, 1870–1914*, Stanford, CA, Stanford University Press, 1976.



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passed, the country must reorganize its agriculture based on what is left—by relying on those individual farmers and small voluntary groups willing to take initiative when the limits imposed by the Stalinist kolkhoz system are removed. From this viewpoint, the rural prose writers lamenting the end of the traditional countryside are not wrong, but they are romantics in the same way as those English pastoralists who lamented the passing of the old English countryside at the moment it was being irrevocably transformed in the 19th century.

The official story, as reflected in Danilov's 1977 work, used to be that collectivization achieved the objectives of rural modernization without requiring the country to pay the price exacted in Western Europe. The radicals' analysis now implies that collectivization forced the country to pay that price. If, however, historians and publicists can convince society that the NEP development strategy would have worked, or was, in fact, working before Stalin subverted it to serve his own power-hungry ends, then perhaps the party's legitimacy can be saved as Stalin's legacy is jettisoned—if something recognizable as a descendant of the NEP strategy can be made to work today.

Agrarian policy is more than just a matter of reconstructing a historical justification for the party's rule, however. Although existing agrarian institutions are not fulfilling their primary purpose of feeding the population, there are a number of strong political constituencies interested in avoiding their reform. Most obviously, agricultural reform threatens rural managers with the loss of their cushy jobs. Brezhnev's massive investment in agriculture did little to increase productivity, but it did create other constituencies for the existing system of rural organization. For example, pensions and guaranteed farm wages, though not high, give many peasants a stake in their farm, and hence furnish managers a lever with which to coerce them into supporting conservative positions.

A revival of the cooperative movement as it existed in the 1920's and a simultaneous "resurrection" of the cooperative characteristics of the kolkhozy might address the interrelated problems of legitimating agrarian policy (while excising Stalinist collectivization) and of finding the means to break up the coalition against reform. One of Danilov's several recent articles authoritatively reexamining Soviet agrarian history is explicitly tied to late-1987 party decisions that sought

*the broad use of all forms of cooperation. This means not only the further development of the kolkhozy as cooperative associations (it is possible even to speak of their resurrection in this regard), but also of new forms and methods of economic activity on sovkhozy [state farms], in subsidiary farms of industrial enterprises, and in the individual sector, as well . . . .*[36]

Gorbachev has restated and developed these ideas. He envisions the mobilization of the rural population through its participation in a vast network of voluntary cooperatives.[37] As during NEP, the new cooperatives will not be only, or usually, collective farms. Rather, they might deal with a single production process (a cannery or lumber yard), or concern themselves with sales or service. However, he seems also to imagine that the kolkhozy will survive in most cases, but as "cooperatives of cooperatives" rather than in their present form. Thus, the advantages of large-scale organization will be retained, and the party's initial drive to create collective farms in the 1920's will continue to be justified, while Stalin's forcing of the movement and the consequences of that forcing can be rejected. The primary lever for this transformation is to be the lease contract, or *arendnyy podryad*.[38]

Gorbachev's opponents on the Right oppose such a radical change in the kolkhozy. Yegor Ligachev, for instance, has never endorsed creating "cooperatives of cooperatives." Indeed, it appears doubtful that the collective farms can survive or that the party can continue to justify its rule if such a radical transformation were to take place. Ironically, radical agricultural economists such as Vladimir Tikhonov (a major figure in the Interregional Group of Deputies and the chairman of the Union of United Cooperatives), seem to agree with Ligachev that the kolkhoz-sovkhoz structure cannot be transformed; however, their view is that this structure must be dismantled if the leasing reforms are not to fail.

In some ways, the NEP-era alternatives may now be more feasible than they were when they were rejected in the 1920's. The critical problem of rural overpopulation has been replaced by a lack of working hands in many traditionally agricultural regions. It is also now more

[36]Danilov, "October and the Agrarian Policy of the Party," loc. cit., pp. 37–38.

[37]The clearest statement of this vision regarding the cooperatives is Gorbachev's speech at the Fourth Congress of Collective Farmers, *Sel'skaya Zhizn'* (Moscow), Mar. 24. 1988.

[38]For an excellent explanation of the mechanics of the lease, see Karen M. Brooks, "Soviet Agriculture's Halting Reform," *Problems of Communism*, March-April 1990, pp. 29–41. On the evolution of Gorbachev's views on the lease contract and family farming, see Don Van Atta, " 'Full-Scale, Like Collectivization, But Without Collectivization's Excesses': The Campaign to Introduce the Family and Lease Contract in Soviet Agriculture," *Comparative Economic Studies* (Lake Forest, IL), Spring 1990, pp. 109–43.



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feasible to develop decentralized industry in those rural areas that remain overpopulated, in order to take some of the pressure off agriculture. Such decentralization is finally beginning in Soviet Central Asia, for instance, signaling the possibilities of a more differentiated policy.

Clearly, the legacy of Stalinist collectivization continues to constrain economic and political evolution in the Soviet Union. It may not be possible to change the Communist party back from the administrative agency it became during collectivization—as Gorbachev himself has said, the party has been tightly woven into the fabric of the old Stalinist system. The only path available for the rural party may be to create cooperatives that retain the shell of the old system while transforming internal relations. This might leave the local party organizations free to concentrate once more on political issues rather than administration. Whether or not they can do even that is now the key question for understanding the possible evolution of the system. Political change, rural depopulation, and peasant demoralization may all have gone too far for the creation of individual farms and small cooperatives to solve the Soviet Union's food supply crisis. There is little choice but to try, however, for what one Soviet commentator terms "those damned kolkhozy" have failed in their 60-year trial.[39]

[39]Kapitolina Kozhevnika, "Those Damned Kolkhozy—If One Looks at Russia from Lithuania," *Literaturnaya Gazeta* (Moscow), No. 30, July 25, 1990, p. 11.



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